Issues in Canadian Social Policy

a reader

VOLUME II

The Canadian Council
on Social Development

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ISSUES IN CANADIAN SOCIAL POLICY READER

VOLUME II

Canadian Council on Social Development

Issues in Canadian Social Policy A Reader

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Table of Contents

Preface ....

Has Our Social Policy Gone Too Far? 1
The Honourable Monique Bégin
... The Minister of Health offers her view of the current status of social programs in Canada and her reasons for optimism.

Review Proceedings of the 30th Biennial Conference of the Canadian Council on Social Development in Montreal, June 1982 9
Terrance Hunsley, Jean-Bernard Robichaud, and Ralph Garber
... A review of the issues generated by sessions and workshops with an outline of major priorities for the human service community and for the Canadian Council on Social Development in the coming years.

Social Development and Institutional Responsibility 19
Raymond Blais
... The relationship between institutions and the public from the point of view of human resources, shareholders, consumers, suppliers, the state, energy, and the environment.

Statement on Federal Spending 27
G. Bruce Doern
... Most of the key social policy decisions are made not by the social ministers in Ottawa but by economic policy decisions-makers. This paper provides a look at Liberal priorities since 1980.

The Orientation of Social Expenditures in Québec 35
Frédéric Lesemann
... The author studies the present orientation of Québec's social expenditures and gives a sociological viewpoint of the relationship between the economy and social security.

The Social Policy Reformer in the 1980s 45
Keith Banting
... In a keynote address to the Conference of the Canadian Council on Social Development in June 1982, Keith Banting challenges us to take advantage of the opportunities for social progress provided in the 1980s.

Aging in Canadian Society 55
John Angus MacKenzie
... The "greying" taking place in our society will cause many changes in the future, particularly as the aged become more powerful as a lobby group.

The Decline of the Welfare State? 61
Gilbert Blain
... Sketching quickly the history of the welfare state, Gilbert Blain discusses the current crisis in light of financial and administrative problems, and suggests perspectives to help overcome these problems.

Body Knowledge 71
Yvan Corbeil
... The author examines new "arational" methods which allow individuals to discover themselves and the outside world.

Socio-cultural Change in Europe: A Challenge for the Welfare State 79
Alain de Vulpian
... Alain de Vulpian examines the future of the welfare state under a new angle.

The Costs of Children: Canadian and International Comparisons 93
Christopher Bagley
... What does it cost to bring up a child and how do these costs vary from one location to another? Is our definition of poverty realistic? These questions are discussed in this paper presented to the First Conference on Provincial Social Welfare Policy at the University of Calgary, May 1982.

The Consequences of Canadian Health Care 121
George Tsalikis
... In this paper Professor Tsalikis outlines the history of health care in Canada and gives an analysis of the influences on and effects of government health care policies.

Preface

In June of 1982, about 350 people, most of them involved in human services as providers, planners, volunteers, or through consumer organizations, gathered in Montreal. The event was the Canadian Conference on Social Development, and the subject was the crisis in Canadian social policy.

This subject has come back many times since, in both domestic and international fora. The issue previewed then has become a major concern of governments, professionals, and community groups. The "politics of constraint" mirroring developments south of our border, are consistently bringing fears of bankruptcy in publicly-funded programs. Forecasts of burdens of pensions upon a dwindling and beleagered labour force ignore the compensating decrease in numbers of dependent children and the rapid productivity increases of the technological era. Recently the Premier of Alberta has suggested that health costs could make Canada a "financial basket case", seeming to support a Canadian Medical Association suggestion that health care should be considered a "social privilege", rather than a right.

The '82 "biennial" brought together many of the most knowledgeable people in Canadian social policy—academics, politicians, managers and consultants. Most of this volume is devoted to the information and consideration they brought to the discussion. Their presentations are rounded out by an article by George Tsalikas on the health care system.

In total, they provide a broad basis for understanding the current social debate. Students and planners, researchers and administrators, will find here the beginning of CCSD's new thrust—to move the debate from social response and reaction to the challenge of social responsibility.

Terrance Hunsley,
Executive Director

CANADIAN COUNCIL ON SOCIAL DEVELOPMENT

Has our Social Policy Gone too Far?

MONIQUE BÉGIN
Federal Minister of Health

It is quite a challenge for a keynote speaker to do justice to the theme that has been chosen for this conference. The words used to describe the future of our social programs, "destruction or rebirth," may seem to some quite extreme, but they clearly underscore both the importance of the programs that are emerging and the urgency with which we must deal with them.

To spend a great deal of time here defending the merits of social policy would be preaching to the converted. There is, however, some value in analysing the climate in which social programs are being administered and in taking a hard look at the effectiveness of the policies that appear to be in danger. None of us is prepared to contemplate a society in which social policy is eradicated, but we should all examine the emerging issues and try to develop the most appropriate responses to them.

What, then, is the source of this current crisis of confidence? To answer that we must first remove ourselves from the Canadian context. In the last few years, most western countries have witnessed a rising opposition to what is usually described as "government interference" in people's lives. One of the more dramatic recent examples of this occurred in California with Proposition 13. More recent and more widespread is the trend toward neo-conservatism, the conviction that government has become too powerful, that it is too involved in people's lives, in their economic and everyday activities. Much of the neo-conservative attack is centered on social policy. The view is that social programs are too costly, that they undermine the ability of people to look after themselves, that they destroy initiative.

An equally worrisome development is the disillusionment with government that has set in since economic conditions began to worsen in most industrialized countries. The general public and in particular the people who made up the middle class in this and other western countries quickly lose confidence in their government's abilities if they see their standard of living and their level of expectations threatened. No one welcomes taxation; no one encourages the governement to spend vast amounts of taxpayers' money; but the general public expects the services to which they have become accustomed to be maintained. Any change in the rate of growth of these services leads to disappointment or frustration with the government. Moreover, many of those who once enjoyed a reasonably secure lifestyle now worry that the present economic crisis may plunge them into poverty. In an economic climate where every penny counts, they resent any government that takes away a percentage of their disposable income when they need it most.

These are some of the prevailing attitudes. This is the climate in which governments must pursue their social policy objectives. This is certainly the dilemma we face in Canada. Has our social policy gone too far? Has it created a society of dependence at the expense of the hard-working taxpayer? Has the government involved itself too deeply in people's lives, debilitating those we have tried to assist and frustrating those who strive to be self-sufficient? And if so, should we contemplate eliminating many of the social programs in favour of a freer enterprise system? Let's examine the validity of this last suggestion.

Canada has its share of critics who feel that by our policies, both economic and social, we are inhibiting the ability or desire of Canadians to be self-sufficient. Such critics insist that government action or intervention is a deterrent to growth, employment, opportunity, and stability. Because these opponents tend to have high profiles in the business and academic fields, they have access to the media, so when they call for drastic action, dramatic changes in the tax sructure, reduced welfare payments, and reduced public spending on social programs, they make headlines.

What is most alarming is that their views are sometimes taken to represent the views of the majority. The welfare recipient, the elderly widow, the disabled unemployed worker rarely get equal time, and if they do, it is, to use journalistic jargon, as a "human interest" story, not as "hard news." The plight of the individual arouses sympathy; it does not change government policy.

In the United States and to some degree in Canada, we are witnessing a rise in neo-conservatism. "The bureaucracy has become too big," is a popular cry. "People are getting a free ride." "It's time that people stopped depending on the government for money, housing, health care, and other forms of social assistance." Some countries have adopted the philosophy that fewer taxes on the affluent will free up money, money that can be spent in the market place, thus encouraging productivity and employment.

But what about social freedom? John Kenneth Galbraith expressed the inequity very forcefully during a recent speech to the 37th Conference on Industrial Relations at Laval University when he said, "It is the unfailing habit of those who speak of the effect of government on freedom that they confine their concern to the loss of freedom for the affluent. All but invariably they omit to consider the way income creates freedom for the indigent."

It is a fact of life in this and every other country that public spending helps those people with lower incomes. The wealthy do not depend on the availability of social and health services, public housing, welfare, or assistance programs. Their lives will not change greatly if those services are eliminated.

The proponents of a freer enterprise system will also argue that if the government reduces its public spending, the private sector will pick up the slack, that public pressures will provide the necessary conscience to ensure that social needs are met. The voice of those in need can never outyell the voice of the powerful! In order to complete my argument, I'll quote the Honourable Robert Stanfield, who cautioned the Progressive Conservatives during a speech at their recent national policy conference against jumping on the free enterprise bandwagon. According to Mr. Stanfield, "The advocates of a free market are not at the forefront of freedom of discussion or civil liberties or human rights." He went on to caution his party against choosing economic solutions that will weaken social and government stability.

It is also important to underline the fact that social and health services and programs cannot be turned on and off like a light switch according to the mood or the economic conditions of the day. In the financial heyday of the twenties there was little thought given to the need for social assistance. In the thirties, however, people were singing a different tune. More recently, this country enjoyed unprecedented growth and prosperity through the sixties and much of the seventies: we are now in the midst of a difficult period. If a government were to base its social policies only on economic conditions, we would have serious problems indeed. We cannot offer support systems to people in a schizophrenic fashion. If we do, we will lose the confidence and trust of the very people those programs were designed to help.

Increasingly one hears comments that Canadians have become overly dependent on social programs and, in particular, on the "welfare" programs administered by the provinces. These comments usually imply that somehow or other individuals and families who depend on social assistance to meet their daily living costs really wouldn't need to be "on welfare" if they made more of an effort to earn their own living.

By and large this is nonsense. The members of this audience know only too well that the social assistance caseload of this country is traditionally made up of the elderly, the disabled single parent families —— in short, of persons who cannot or are not expected to be economically independent. More recently a significant portion of the caseload is made up of employable persons who simply are not able to obtain employment in the first place or who have involuntarily lost their jobs and exhausted their unemployment insurance. Critics of the programs conveniently overlook these facts.

Obviously we must not create dependency where it can be avoided. I know of no single assistance program that deliberately sets out to do so. There may be a tendency, however, as governments grapple with tight budgets and high program costs, to introduce practices that are intended to provide additional incentives to seek and obtain employment but which, in effect, have the opposite effect. I am thinking, for instance, of the recent move by one or two provinces to extend the definition of "employable persons" to groups that traditionally have been viewed as "unemployable" for the purposes of social assistance. I wonder, for example, whether in the long run it is wise to consider a single mother with a child over the age of six months or two children over the age of twelve years as being necessarily "employable" that is, that she should be in the labour market.

I do not doubt that there are good intentions behind this type of development, but I am not sure it is really necessary. No one, least of all the welfare recipient himself or herself, wants to face a life of fringe poverty or get trapped in a vicious circle whereby he or she can never find an opportunity to join the mainstream of our society. But if we are to encourage such persons in their efforts to be independent, we must make sure that we have prepared them to do so through job training, appropriate work incentives, the provision of adequate child care services, and other forms of encouragement and support. I doubt that reducing the level of welfare benefits is the right way to go.

I recognize the tremendous financial investment that the provincial and federal governments must make if the social programs we have established in Canada are to be maintained and improved. The figures can be daunting. Collectively, the federal and provincial governments spent a total of $43.9 billion in 1980-81 on social security programs for Canadians. The nature of these programs is such that their costs increase each year. For example,the federal government spent $6.3 billion in 1970-71 on health and welfare programs. The cost rose to $27.1 billion in 1980-81. Why?

The irony is that our costs keep increasing because our social programs have succeeded so well. Those people who have benefited from certain of our programs now find themselves ready to transcend the limits of a particular program or service. Those disabled people who received some assistance are now ready to participate more fully in society, and they are looking to us for a different kind of help. We are seeing the same thing with women and native groups. So we must constantly be reviewing and reappraising our programs in light of the progress that the various groups in our society are making and we must be prepared to make the necessary modifications.

But at the same time we cannot ignore those people who are trapped in poverty, those who need basic financial assistance. We must keep those assistance programs intact and accessible no matter what the cost.

I admit that this is a tall order. Where are we going to find the resources for new programs and for the strengthening of existent ones? If we are to preserve and strengthen the social and health gains we have made within the present economic climate, we must then ensure that our economic and social policies work in a mutually beneficial way. For example, if we are to encourage women to enter the work force, then the social issue of child day-care must be given greater attention. And as our elderly population grows in size, we should be turning our energies to improving retirement and pension systems so that these people will be better protected. And now more than ever there is an urgent need for close cooperation between the federal and provincial governments to ensure that the cost-sharing programs meet national and regional needs.

The principal objective that will continue to govern the federal government's activities and policies is to ensure that all Canadians, no matter where they choose to live and no matter what their income, enjoy a healthy and secure lifestyle. We will design our policies and programs to be flexible and adaptable to changing needs, lifestyles, and economic conditions.

The first of these priorities is to ensure a more adequate income to Canada's senior citizens. The number of people aged 65 and over is expected to rise from 2.3 million to 3 million by the end of the decade. Many of today's elderly do not have sufficient income to guarantee them an adequate standard of living, in spite of significant increases in 1979 and 1980 to benefits from the Guaranteed Income Supplement (GIS). Another major increase in GIS benefits, especially for singles, is urgently needed.

At the same time as we are dealing with poverty among today's elderly, we must also prepare for the future, anticipating the needs of those in the work force once they retire. We must ensure that they will have adequate pension protection and that those pensions will adjust to inflation. We must pay particular attention that women, both those in the paid labour force and those who work in the home, have adequate incomes in retirement. The existing pension system is particularly unfair to women, and the inequities must be eliminated. Pension reform is an area that requires the cooperation of the provinces that have jurisdiction over 90 per cent of the work force. It is a problem that we must all continue to address on a priority basis.

I know that you appreciate the importance of continuing efforts to maintain and improve those programs that have been so successful in providing Canadians with security. We can never afford to assume that these programs will take care of themselves. I can think of no better example of this than our national health care program. In the last twenty years we have succeeded in providing Canadians with one of the finest and most extensive health care systems in the world. It is a system built on cooperation among the federal and provincial governments and the health practitioners who recognize the importance of ensuring quality health care to every Canadian. A series of discussions between health ministers aim at controlling problems that have begun to creep into our health care system. A new *Canada Health Act* is being planned to clarify and strengthen the principles on which our health care system was built.

We can never stop examining ways to improve and extend the services we provide to the disadvantaged. Our energies must be directed toward helping disabled persons achieve economic independence and fulfilment. Substantial increases in the disability benefits paid under the Canada Pension Plan have been discussed by officials, as have disability programs and the possibilities for improving the coverage and assistance available to disabled Canadians.

I am not always popular with my Cabinet colleagues when I arrive with my long list of social and health priorities, but I assure you that I will press on. I must remind you, as they so often remind me, that our budget only stretches so far and that there are serious restraints with which to deal.

Nonetheless, they too recognize that we must continue to find ways to encourage the valuable voluntary work that is done at the community level, to promote the wise use of drugs, and to control hazardous chemicals and safe laboratory practices to name a few. And while we have made solid gains in disease prevention, we must update our information programs to deal with the new threats that are emerging, such as higher incidences of cancer, respiratory diseases, and environmental problems.

This is by no means a complete list. There are many more concerns that we are addressing. The issue of day-care is one example. There has been increasing demand for federal leardership, and we are prepared to provide it. The national conference on day-care, which the Canadian Council on Social Development and my Department are co-sponsoring, should provide a good starting point for serious discussions about filling this urgent need.

Finally, in answer to your thematic question - No, Social policy in this country is not on the eve of destruction. There is too strong a determination on the part of people like you, on the part of the government, and on the partof Canadians in general to allow the collapse of structures that we have worked so hard to build. There will always be opposition to the investment that must be made to preserve and strengthen social programs, but it is not representative of the majority in this country. Canadians want to build on the social gains of the past. We will continue to pursue our objectives, and I am confident that you will continue to provide the input that is invaluable to us in choosing the right direction. I confidently add my vote to the side of rebirth!

Review Proceedings of the 30th Biennial Conference of the Canadian Council on Social Development

TERRANCE HUNSLEY
JEAN-BERNARD-ROBICHAUD
RALPH GARBER

INTRODUCTION

The purpose of this meeting is to review the issues and responses generated by sessions and workshops, to identify not only the general context of the present social issues, but also to lay out major priorities for the human service community and the Canadian Council on Social Development in the coming years. We hope also to sift through the signs of erosion and decay of programs, to examine the elements of breakdown, and to find seeds of future growth.

In an instantaneous and somewhat reflexive response, our presenters have not chosen simply to regurgitate individual workshop messages, but rather to produce a brief yet comprehensive and cohesive corporeal analysis. They will pull together the various threads of information and discussion to construct a pattern and fabric for development. Within this synthesis, they will identify a number of future challenges for the CCSD.

We will collect this information and analysis. We will also consult our membership during the summer and early fall about major issues for the coming year. Together with the participant feedback forms concerning issues and priorities of the Council, these elements will be taken to the program planning committee of the Council in the fall. They will not only identify major priorities for the human service community in the near future, but will also add to the operational planning processes of our organization.

Our two presenters will address the major elements of the conference as well as its theme. One will speak about the negative issues, and the other will look at the elements of future growth and challenge.

I would like now to introduce our two presenters, both stalwart members of the Board of Governors of the Council: Jean-Bernard Robichaud, who is "directeur général des Centres Sociaux du Montréal Métropolitain"; and Ralph Garber, who does social work at the University of Toronto and is Vice-President of the Council for the Ontario Region. Jean-Bernard is kindly sitting in for Jacques Brunet, our Vice-President from the Québec Region, who had to leave the conference.

First Presenter: Jean-Bernard Robichaud

Ralph Garber and I have a lot of work to do! How does one synthesize so many ideas, questions, hesitations, criticisms, and contradictions of such wealth, ambivalence, and dynamic force!

How shall we summarize the output of forty separate workshops covering seven themes —— housing, health, social services, income security, the community, social participation, and planning? In addition, the workshops were held in both official languages of Canada, and their proceedings also reflect regional diversity, differing ideologies, and the respective position of all "social actors." Such a process produces copious amounts of rich raw data, I assure you!

Overall, I get a very positive feeling.

As Terrance pointed out, we abandoned the idea of summarizing every workshop occurrence and chose rather to adopt a synthetic format that will reflect the structure of the program.

Looking at the first day's proceedings I shall talk about the identified problems and their assessment, "the crisis" and its manifestations, give a critique of the present situation, and identify the factors causing the problems.

Most speakers referred to the current social crisis as one of if not the major problem. Several occurrences during the present conference indeed reflect such a crisis. When such occurrences happen, we all react differently, and I must say that a complete range of reactions was exhibited here! Everyone analyzes the situation according to one's social position and one's understanding of the "game," everyone tries to describe its outward manifestations. We try to manage the crisis by acting in this fashion, which constitutes in itself a form of adaptation. Thus we can believe the crisis to be under control, and feel that we have influenced its evolution.

We must try especially to understand the dynamic forces at work here and the perspectives and renewal heralded by such a crisis. A critical perspective must convey a comprehension of the crisis' ultimate conclusion, and we must absolutely mobilize our energies in that respect. It is imperative that we truly control the crisis, not simply adapt to it!

The participants did note that interested parties, whether citizens, technocrats, politicians or professionals, all advocated types of solutions that appear feasible to them. The total picture drawn from the workshops' conclusions is confusing. There are, however, several common areas of agreement. The workshops dealing with the problems related to housing have discovered that a relatively important category of citizens must live under poor housing conditions, such as older people, seasonal workers, former psychiatric patients, ex-convicts, the handicapped, native people, and individuals seeking self-sufficiency for their family. That large category of persons consists largely of individuals living alone without the support of a family. Such is the new face of poverty in our society! There is a visible lack of systematic housing policies that could, to a significant degree, solve the problems faced by those people trying to find adequate housing.

The following interesting observation was made: housing problems only become a recognized social problem when they affect a significant part of the middle class. Such is the way our society is organized that it responds to pressures brought to bear on it by "important" and powerful groups. In the present situation, the middle class can solve its major housing problems, but the truly poor —— the unorganized many —— can easily be overlooked and forgotten.

The same observations were made by other workshops looking at other problem areas. Our health system, for example, is built upon the presence of two main protagonists, the medical profession and governmental authorities. It was pointed out that a major problem stems from consumers' lack of participation in the organization and decision-making process of the health system. Several speakers have underscored elements that lend an unreal perspective to the present crisis. In considering their fees, for instance, the medical profession carefully chooses selected figures that support its arguments. However, if we examined doctors' fees over a relatively long period, we could ask what they were complaining about, and we might believe their indignation was ill-founded.

Governmental authorities want to slash their costs. Here we have a paradox, for governments want to keep their spending *below* the level set ten years ago. Collective wealth, however, has increased during the last decade, and we must conclude, with several speakers and experts at this conference, that some points must be clarified in the present debate on government spending.

This brings us to a series of explanations, examined by most workshops, about the crisis within the welfare state. The common elements of these explanations were the financial and psychological aspects of the crisis.

Financial problems, that is, those problems related to taxing and public accounts, were stated, and the absence of published debates on these matters severely deplored. Many participants rejected the idea that taxes are too high, noting that the fiscal rates of several countries are much higher than here. One major problem discussed was the fact that citizens do not have the opportunity to make fiscal choices (which are, of course, also political). Such choices influence living conditions, whether they affect health, social services, or guaranteed income.

Some critics of the welfare state have said, too, that we have seen in the last decade the painless birth of a welfare state that has produced an automatic albeit artificial solidarity. We must now invent a new kind of social solidarity and build progress upon principles of justice and equity. The major problem besetting the formation of this "new kind of social solidarity" is that the social progress of the last decades was caused more by sheer abundance than by justice or equity!

There is a wide gap between what is expected of the welfare state and what actually results, which gives the social crisis a psychological dimension. The welfare state is suffering a crisis of confidence as its efficiency is being called into question. As with the housing workshop, it was pointed out that the people who get the most out of the system are those who are the best organized, because they know how to use pressure tactics and how to use the system, whereas the poor and the unorganized lack services, both qualitatively and quantitatively. Services and programs are often far too complex and removed from consumers. The consumers, in turn, have insufficient influence upon the community services that condition, affect, or determine their living conditions.

In addition, the problems borne by several population categories were examined, particularly those of older persons, women, youth, the handicapped, and native citizens. In all categories, participants spoke about the problems created by inaccessible services and the related lack of information.

Participants described the income problems of older persons, women, youth, and handicapped people. Several parties said that there is no valid economic reason to deny additional income to these categories of the population, claiming that the problem is, rather lack of political will: total revenues are sufficient, but we need redistribution and sharing.

We have also noticed that there have been significant changes of attitudes toward children, women, older people and the handicapped. Such groups have increasingly become new social classes, a fact in itself that constitutes a widening of the democratic process. The evolution of the democratic process has now been thus altered, and many people are noticing the phenomenon. Certain adjustments, transformations, and social changes are still perceived as problems, but they represent important changes and a prospective source of major social progress.

Second Presenter: Ralph Garber

The views expressed at this conference have presented a veritable litmus test of the attitudes and feelings towards the welfare state. We have witnessed here polar and extreme views, opinions ranging from the left to the right. You may not realize how important you all have been in making this conference effective! When the Finance Minister announced that he was going to prepare a new budget, it was obviously under the implied threat of our conclusions! I hope that he takes us seriously and that the budget reflects our concerns.

We came in complaining and leave, I believe, ready to fight. The sessions did not always end on a high note, but certainly our conclusions were aggressive: there is something more to be done! I shall now talk about where we and the CCSD shall go from here.

It is difficult to cultivate illusions about the nature of the problems we examined, but we do have one, and that is that at the very least, our responsiveness to these problems is important, and at best, that our behaviour will produce a responsible effect. Such is the illusion of advocacy! When advocacy becomes concrete, tangible, and strong is when we find ways of translating it into particulars and of explaining our expectations to the CCSD and our constituencies. Speakers and workshop presenters demanded that they and the CCSD set advocacy as a priority, or as *the* priority. Here is how they presented their case:

First, Research. What we do should be based on facts and be analytically sound. We all undertsand our feelings, but we have to move beyond feelings to produce a practical, data-supported analysis.

Second, Information. Several constituency members have expressed their difficulty in reading, knowing, and then acting. We understand that the public's right to know must be complemented by the opportunity to know. Information must be collected and continually disseminated. There is an old cliché that says an informed citizenry is the best defence against tyranny. This is an example of the kind of expectation we must set for ourselves. We may have to realize how little we use of our media and correct this situation.

Third, Experimentation. We must develop models not only within the Council but also across the country that will effectively demonstrate our range of possibilities. We often seem to stop at the definition of problems and offer no alternative solutions. The CCSD and other parties will have to work cooperatively in that respect.

The fourth area of importance for advocacy is *Planful Cooperation.* This takes a number of forms, from the creation of new, larger, and extended coalitions to a change in self-perception. Transforming ad hoc coalitions into a different collectivity seems to be a wish strongly held by many. The idea is to coalesce deliberately by recognizing that we have subordinate goals that transcend our particular special interests. The case for vital interests will have to be made so that our mutual good incorporates individual good. Terms such as "umbrella organizations," "coalitions," and "lobbies" were used here to convey the concreteness and the activism of our purpose.

One of the reporters exclaimed in exasperation: "lobby, lobby, lobby..." She was trying to say that if we choose to become active and advocate, lobbying will be one of the activities in which we must engage. We must meet decision-makers face-to-face so that they can feel our concern, appreciate our involvement, understand our position, and respond to the needs and demands of the citizenry.

In one sense I fear that if our lobbying is not properly orchestrated, we shall fill corridors to such an extent that there will be little space left for those whom we intend to persuade! Confrontational as well as subtle approaches are needed to present our case; both are part of the lobbying process.

The conference reaffirmed the enfranchisement of several significant sectors in our society.

1. *Women.* Women constitute a majority of the total population, but their special needs have not been identified or dealt with sufficiently.
2. *Youth.* The Charter of Rights and other significant events have led to the identification of children as persons and have widened their opportunities for growth and employment.
3. *The Handicapped.* This includes those who are well, those who are elderly, and those who are infirm and require different care. They all need independence and self-realization.
4. *Native People and newly arrived Immigrants.* These people face a double

jeopardy. It seems the longer you are here, the more recently you have arrived!

5. *The Poor.* This includes the poor from all categories, whether the working poor or those belonging to any of the special categories, in addition to the newly discovered "hurting middle-class."

6. Finally, the group of people of all classes and sectors committed to social concerns and social policy outcome. We represent those popular constituencies.

There are three other constituencies we should address in order to lobby effectively. We must either win these groups over to our side or significantly influence their exercise of power.

The first is the technocratic constituency made up of bureaucrats, professionals, and the media. Their value to society is crucial, as is their understanding of our situation. Many of those technocrats are simply waiting for sufficient pressure to be exerted so they can say: "This is what the constituency demands of us." I do not mean to defile technocrats by this definition of them, but rather to describe their special powers with respect to our situation.

The second group is made up —— and I hesitate to use the word because it has such an old-fashioned, anarchistic ring —— of plutocrats. I am referring to the corporations, the multi-nationals, the financial institutions, and the people at the head of them who wield important and vast economic power. Their centralization of power is a very important resource for transforming their sense of corporate responsibility. The lack of largesse shown by Canadian corporations has been noted. In a recent report, Statistics Canada showed an instance where Canadian companies gave less than one per cent of their gross product for charitable contributions. Included in that category were bad debts! I wonder whether the statisticians were having a joke at everybody's expense?

It is estimated that corporate donations to charitable institutions in the United States average one per cent; that figure stands at .03 per cent in Canada! If we could not only open the pockets of the corporate bodies but also change their orientation toward the public responsibility they bear, we would have done our job well!

The third group might well be called the "authoritative" constituency, or, if one is less charitable, the autocratic one. It refers to our legislators and their social control mechanisms, such as the courts, the police, and other bureaucratic instruments of social management. These people serve the public, and we should remember that their function is very important. Part of our advocacy may consist in making that case clear.

What kind of goals have we established for our advocacy? Who are we really concerned about? What issues shall we address?

First, we are concerned to challenge the fiscal, economic, and social control policies.

Second, we should acknowledge fiscal and social responsibility policies. That is partly a rhetorical goal, a way of saying, if this is not socially responsible, why do we bother with it at all? We must, however, publicly acknowledge this as part of our goal.

Third, we should support fiscal and social equity policies, and challenge the reactionary or retrogressive policies of fiscal and social control.

Fourth, we want to espouse social equality policies. I think there will be considerable debate both within the Council and by the Canadian public regarding economic or fiscal equality policies. But, if we are planning any important redistribution, we must address that question. It is not a case of examining the solution, but rather of thoroughly studying the question.

We talk finally of redistribution. On the matter of responsibility, I am talking about *rhetoric,* not in a negative or derogatory way but as it refers to a public declaration or proclamation.

Will we know if we have accomplished anything after all this advocacy? How will we measure its effectiveness? The present means of measurement are imprecise and must become more definite. What we look forward to is the restoration and safeguarding of universal programs such as health care and pensions. We wish to improve upon and expand universal and selected programs for several constituencies in our popular group. We have heard a whole categorization of what they are, and we shall champion the interrelating of programs and policies. We shall not accept simplistic approaches or solutions.

There is a crude attitude in government that if we could do all the necessary things for one population (a particularly "squeaky" one), then the public demand for all services would be met. As if one could solve all problems! We know very well that such is not the case. Solving the native peoples' problems in Canada alone would not suffice, because that problem area crosses borders with others. The same is true of housing. Many workshops indeed recognized the interrelatedness of those problems and saw beyond their simplicity.

If we obtain some response or at least a recognition of our right to participate in decision deliberations, we will know whether changes to the tax structure affecting the redistribution to our constituencies will occur, as well as any changes affecting program entitlements and access. We will know the central concern of social policies. How will social policy become the real mission of society, with economic policy serving as the instrument of its realization? We are talking about that transfer and about the change in the quantity and quality of citizen participation —— changes in rights, opportunities, and expression for those new classes.

All these questions are directed at the Canadian Council on Social Development. What role can and should it play, and in what way? How can its goals and those of this conference coincide? How can the biannual meeting itself become accessible to its hurting constituency? Do we need a new instrument for policy exposure? Has the biannual meeting run its course? Do we need a "hogwash" conference to get our corporate and public constituencies together to discuss Canadian questions? We may require a popular congress for our policy decision-making.

The ideas resulting from our deliberations present a challenge for the CCSD. We must join in that action!

Question: I would like you to comment on the need for the "advocacy of advocacy," particularly with regard to Bill C-10 and the restrictions, to the extent of tax penalty, placed upon national voluntary organizations that take on an advocacy role.

Ralph Garber: The "advocacy of advocacy" ... now, that's a very good way of putting it! I do not know whether provincial governments are similarly disposed, but the federal government, in its proposed legislation (which is travelling on a very rocky road) is projecting that any kind of social representation of need or cause makes one liable to lose one's charitable status. That is a repressive measure, by any standard!

The percentage of the charitable contribution is not questioned, nor the amount of noise. If you make fists in your pocket, does that count also? What is the nature of one's resistance to or concern about a public policy in a social context? If a charitable group does not express its needs properly, then it is not doing its job! If the group is perceived as being political and doing its job, then this measure truly intrudes upon individual and collective liberty. That is a serious question, which we should all monitor with advocacy in mind.

Question: My name is Louis Beaupré. Mr. Robichaud has talked about the importance of information, and I agree with him. However, I wonder why the present conference has been ignored by the press —— at least by the local newspapers? I have read nothing in the local papers about our conference. This is a major gap! I sincerely believe that a conference such as ours should be covered by the media. Power, change, and strength come in groups: people, politicians, and the press.

In order to effect fundamental change and to avoid mere adaptations to present conditions, media coverage is essential. I wish to deplore the lack of interest shown by the media about this conference. What happened? This seems very surprising indeed!

Ralph Garber: The only response I can make is that the press was here for a few specific speakers during the conference. A draft, or policy statement will be discussed with the board and will review certain aspects of the conference. Depending on the decisions made at that time, there may be a subsequent release.

Terrance Hunsley: The question is well taken and points to one of the problems many of the workshops addressed, namely, that our use of the media is either insufficient or inadequate. If we talk about information and don't have any way of reaching the media, then we are not doing all we can!

Social Development and Institutional Responsibility

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I feel very strongly about today's theme, "Social Development and Institutional Responsibility." The matter of the social responsibility of institutions seems to be a national problem, and it is time to innovate in that area so that a vast transformation leading to a new social contract may begin. My purpose today is to make a contribution to this subject or at least to stimulate further discussion.

By the term, social responsibility of institutions, we mean the quality of the relationship between institutions and their clientele, within a specific context. This context includes human resources, shareholders and investors, consumers, suppliers, the local community, competitors, the state, as well as energy-related resources and the environment. I will try to extricate a few general notions that explain our perception of the problems and solutions pertaining to this issue.

Our objective is not to evaluate a given type of institution but rather to examine the social basis upon which the dominant economy rests. Our main conclusion is that the current economy rests upon a flawed concept: the economy does not account for social responsibility but is founded on a materialistic and individualistic notion of the economy. The total social dimension of the human being is therefore neglected; the individual and society as a whole together become a giant producing and consuming machine.

Contrary to Adam Smith, promoter of economic harmony by way of the "invisible hand," we do not believe that the sum total of individual egotisms produces the common good. The facts fly in the face of John Stuart Mill, who would have us believe that inaction and tolerance will ensure that all goes well and that freedom will correct the evils it has borne. Subsequently, Keynes' theory that the state corrects cyclical effects by way of fiscal and monetary interventions became the new gospel of liberal thought. Today's social democracy means that the state tries to counteract the effects of liberalism through massive investments in the social sector.

The state's budget presently dissipates more than 46 per cent of the gross national product (GNP). When the state intervenes, taxes rise. That cycle increases the price of products, and businesses lose their competitive edge. Stagflation means that economic liberalism is presently going through its second most important period of rejection.

That economic crisis has also brought about a crisis of civilization. The foundations of the western world are deeply shaken. The cults of individualism, of the primacy of capital, of profits, of growth for growth's sake, and of unbridled consumption have produced an impressive number of social problems: inequality, poverty, unemployment, fragmented work, degraded work environments, and pollution, to name a few. As a rule, the state must still bear the responsibility for these social problems and pick up the pieces.

If we observe current events, we may discover that the liberal economy is headed for destruction because of concentration, monopolies, transnational companies, antagonisms between the main socioeconomic forces, etc. We face a multitude of extremely complex problems, and society seems to be trapped in these problems or caught severely off balance.

Economic life has become horribly cruel because people no longer feel responsible for others. The economic order based upon egotism, the primacy of capital, power, and a gradual reduction of personal responsibility must be radically transformed.

In the context of great social tension, two classic questions arise: first, Should we return to integral liberalism? Perish the thought. The resulting social disorder would be unbearable. Second, do we want state control? That is not a better solution: we seldom see individuals fleeing to Eastern-block countries! Another solution, however, seems possible. Now that society has absorbed elements of the industrial revolution, it is ready for a new era of social change. And that change should involve a radical social transformation of the economic system. The social question would then take on national importance and would imply changes of mentality, structure, and behaviour. That is a tall order indeed, and one which would call our institutions to re-examine their purpose. To the list of current priorities we would add social priorities. We know what changes are desirable:

- respect of the worker's dignity
- meaningful work
- human solidarity and communal responsibility
- conditions promoting personal fulfilment
- a better division of power and wealth
- the integration of various aspects of life
- a superior economic ethic
- in short, a more responsible, human, consensual economy that would rest upon participation.

Given this perspective, social responsibility therefore requires a questioning of the traditional dogmas of liberal capitalism, which are essentially founded upon individualism, materialism, and the primacy of capital over man. Social responsibility applied to society as a whole requires the creation of a new economic order. The objective therefore is to recreate a working economy that would include social ramifications.

That challenge involves, essentially, another type of rationale which may lead to the creation of a new social contract. Such an historical turning point woud be a qualitative revolution in that it would signal an important social renewal of economic liberalism. In this case it would not be a matter of suppressing freedom, but of making it more just and more responsible.

The renovation of the social fabric will require a great qualitative leap in attitudes, behaviours, and structures. To this end, the general crisis we are undergoing today constitutes a priviledged opportunity to renew our institutions at the social level.

A redefined view social relations would presuppose, however, that the social project and its implementation program can be defined. The Prime Minister of Canada cannot ensure the realization of the "just society" simply be heralding its advent. By the same token, the Québec government cannot ensure Québec's long-term development through technological change if it does not allow for social change.

The realization of a new social and economic age depends upon the development of a new social synthesis: the mechanical organizational model of society must become an organic model based upon the experimentation of responsibility and solidarity. The institutions of tomorrow must include humanists, regionalists, innovators, cooperators, democrats, ecologists, and advocates of the "small is beautiful" approach.

Fundamentally, we believe that social responsibility can only come from a new kind of social economy because today's industrial society perpetrates dehumanization, an accumulation of social costs, and a desecration of the environment, all of which are intolerable.

It is time for us as employers and economic agents to re-examine the basis of our economy and to invent new models.

The necessary predisposition of such a new social economy permits us to believe that a new system would be characterized by the following traits:

- an industrial and economic democracy that favours the participation of workers and of consumers;
- a conserving and sober economy founded upon respect for the human being and for the environment;
- communication between economic agents for the common good.

Organizations must effectively change in order to shoulder their social responsibility. One of the remarkable and hopeful features of current social trends is the questioning of the classic mechanistic and impersonal models of organization.

In order to face the forthcoming periods of major political and social turbulence, all institutions must develop both a feeling of solidarity with their personnel and a social conscience for their various clients.

At this very moment, efforts towards social innovation are being manifested in the field of industry. Research and action by specialists in the behavioural sciences have contributed during the last ten years to the creation of organizational development. The purpose of organizational development is to improve the work environment in different ways: common management by objectives, diversification of tasks, work-group autonomy, socio-technical systems, etc. Essentially, organizational development is a response to change and constitutes a complex educational strategy whose purpose is to modify the beliefs, attitudes, values, and structure of a particular organization so that it can better adapt to its changing external milieu.

In Québec there are now more than 200 companies that have developed various formulas of industrial democracy with which the labour movement can identify, involving such issues as autonomous management, workers' production cooperatives, cooperative management, quality of life in the work place, and similar ideas that reinforce a trilateral approach of management, union, and employees. The Témiscamingue-Québec (Tembec) and Cabano experiments are interesting cases of labour participation. "Les Papiers Cascades de Cabano" is an excellent example of shared property and means of production. That business belongs to three groups; the state via the "Société de Récupération, d'exploitation et de développement forestier du Québec" (Rexfor) and the "Société de Développement Industriel" (SDI); the workers and the population (who may own 20 per cent of the shares); and finally, a private company, "Les Papiers Cascades," located in the Eastern townships. No single model of organization exists, but there is a true and healthy balance between power and the ownership of the business. The laws of government should facilitate the efforts of workers to participate so that they can become real partners in the business in which they work.

We believe that through cooperation private, public, and cooperative organizations can implement, at least in part, our hope for a better life.

An important fact to note in the evolution of the industrial society is that the new values and aspirations of citizens, such as solidarity, participation, autonomy, mutual aid, and equity correspond roughly with the spirit, philosophy, and action of the cooperative movement. Even if the cooperative sector does not reach a dominant position as an economic organization, it can nevertheless exert a predominating influence as an agent of social reform. In the context of a qualitative transformation of the economy, cooperation can inspire many people because it combines social and economic aspects, and is synonymous with such positive values as freedom, mutual aid, responsibility, and sharing.

We believe that the philosophy of cooperation represents a real hope for the post-consumer society. And we are not the only ones to believe this; our efforts in Québec join those of 365 million cooperators throughout the world! The organizational formula of cooperation is neither English nor French; it is human. Cooperation should be vigorously promoted by the crisis because it speaks to the central responsibility of our era; that is, a fairer type of freedom, a better division of wealth and power. Cooperation is seemingly the cleverest national success reaped by our type of economic democracy, whether it be the sale of wheat, savings, credit, or agriculture. According to the late Alexander Laidlaw, before the year 2000 we shall witness the emergence of a host of non-conventional cooperative institutions of a multifunctional and local character. We also believe that cooperative types of administrations will in part give a democratic character to state enterprises and will renew their strength.

For its part, "Le Mouvement Desjardins" wishes to contribute effectively to the development of the social and economic order. Thanks to an original organizational formula, comprising federations and even a confederation, which derives from participatory and democrative objectives, "Les Caisses Populaires et d'Économie" and "les Coopératives" are particularly capble of adapting to present expectations.

Such organizations are effectively capable of combining the efficiency of a large institution with the singularization of a small one. I would like to draw attention to specific social contributions made by the "Mouvement des Caisses Populaires et d'Économie Desjardins" (MCPED), such as the trilateral development program set up for executives, managers, and employees. Let me also point out the role of the "Institut Coopératif Desjardins" as a meeting place for most organizations in that environment. Other encouraging signs include the creation of the "Société d'Habitation Alphonse Desjardins;" the mutual cooperation between the agricultural and food sectors; the preoccupation with community development that one finds in some of our federations; and the existence of such organizations as the "Fondation Girardin-Vaillancourt," the "Société de Développement International Desjardins."

At another conference given before the Montréal Chamber of Commerce, I mentioned that as an agent of social change, the MCPED has six main objectives:

(1) the education and the dynamic solidarity of its members;
(2) helping local communities restore their capacity for action in order to resolve common problems;
(3) the promotion of an economy of small, decentralized units;
(4) the promotion of an industrial and economic democracy (a better division of capital and power);
(5) realism at a time of waste and pollution; and
(6) cooperation between the various constitutive elements of society.

We believe that such challenges offer an opportunity to act in a positive way. They will require from us a true and lasting commitment to the values of the cooperative philosophy.

My comments about social responsibility would be incomplete if I did not allude to the necessary communication between the major socio-economic actors and to the changes of mentality required at the individual level. The problems facing society are global in nature, and their solutions require a convergence of efforts to rebuild our economic foundation. At this point, we are considerably concerned about the great differences that separate most societal projects. The social disorganization experienced in Canada and in Québec is due mostly to divergent objectives. As is the case with liberalism, it seems that collective egotisms, which resemble "pack" individualism tend to develop. Social actors are often trapped in institutional or ideological corridors that prevent the pursuit of a common national good. Minimal consensus is required between partners, or else socio-economic and political consultations become sterile monologues.

During the last Québec socio-economic summit, the positive action taken by the MPCED and the Fédération des Travailleurs de Québec (FTQ) to stimulate the construction industry represented the first concrete consensus. You will remember that companies, unions, and financial institutions were asked to invest $1 billion to stimulate the construction industry. Construction starts for 50,000 housing units, at a mortgage rate of 13.5 per cent, and 85,000 jobs would thus have been created. The openness of the union on that second point constitutes an historical challenge. On the other hand, instead of literally supporting the unemployed by financial assistance, the state must create suitable conditions for the participation of individuals and local communities in their own development. We must transform a Scandinavian type of social democracy into an entrepreneurial one. Along that line of thought, Québec is still waiting for legislation giving a framework to community development associations.

We must now shake off our paralysis and show more imagination, responsibility, and solidarity. Israel, for example, is a country with a workers' economy contributing nearly 25 per cent of the GNP. That situation is essentially due to the participation of local communities in the cooperative and union movements.

The economy of abundance is now becoming an economy of scarcity. We must learn to tighten our belts, to modify our lifestyle, and to make the necessary efforts. Here we are of course referring to necessary attitudinal modifications at the individual level. Social harmony does not come merely from material progress; there is also a human dimension. We have relied far too much upon economic man and personal interests. Real people must effectively make doctrines and structures come alive. At a time when the work, family, and soul of contemporary man are threatened, we need leaders to promote the social cause.

The message I wish to leave with the members of the Canadian Council on Social Development is that of courage and effort. Such an attitude runs contrary to the law of the least effort and that of fatalism. Let us act with dignity. Anglophones and francophones must take on the challenge of building a thriving democratic society free from smug materialism. Such a society would better correspond to the personal, ethnic, and spiritual cultures of all peoples. And social responsibility would thus be intrinsically integrated in the hearts and minds of individuals and institutions.

Statement of Federal Spending

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Most of the views expressed are based on the annual assessment of federal spending entitled *How Ottawa Spends Your Tax Dollars*, produced by the School of Public Administration at Carleton University.[1] This book is a critique of national priorities and federal spending. Each year we examine four or five major departments and policy areas.[2]

I will discuss three points. First, the Liberal government's priorities since 1980. Second, the changing tactics and views that have, in my opinion, influenced the social policy ministers in the federal cabinet as they have tried to grapple with an increasingly intractable subject. Third, that social policy must be defined and viewed in an ever broadening way because most of the key social policy decisions are being made by economic policy decision makers and not by the social ministers in Ottawa.

LIBERAL PRIORITIES

The Liberals were returned to power in 1980 and launched the political equivalent of an aggressive five-front political war. They launched the constitutional initiatives, with which we are now familiar, whose central feature was the Charter of Rights. They launched the National Energy Program, whose purpose was to shift the incentives given to the oil industry from the tax system to direct grants controlled by Ottawa to increase the energy industry's dependence upon Ottawa and to allow the government to pursue its energy policy objectives. The third front was the development of what was initially advertised as an industrial policy, but which turned out to be a "resources-first" economic development strategy. The fourth was an overture to western Canada: this was particularly centered around the Liberal's avowed aim of trying to appeal to the left-of-centre NDP voter in the west. Finally, the fifth front was the renegotiation of established program financing, that is, the major social programs.

Even if the government had launched its aggressive five-front war from a position of strength in each of Canada's regions and in a time of prosperity, it still would have had great difficulty implementing these changes simultaneously. But neither of these conditions prevailed. Moreover, the Liberal initiatives were doubly unmanageable because their underlying philosophy was extremely narrow in conception. The primary federal concern was with the identity of the federal government and with fostering greater identification by Canadians with their national government. Some characterized this as the "new nationalism," one which was not directed against other countries but rather against provincial governments. The Liberals clearly took as many steps as possible to redirect spending and taxing in order to increase the direct contact of Candians with the federal government as opposed to their provincial government. While in part understandable and even desirable, this "new nationalism" seemed nonetheless to be virtually the only continuing philosophical basis of the overall Liberal priorities.

This nationalist "federal identity" addresses only one of three classic problems historically involved in governing Canada. The federal government must create wealth or at least facilitate its creation, redistribute it both among regions and income groups, and do both in such a way as to enhance national identity and regional sensitivity. That is a tough political balancing act to perform at the best of times, but the philosophy of the Liberal government seemed to consist solely in the national identity issue and not in the related ideas inherent in governing Canada.

INFLUENCES ON SOCIAL POLICY MINISTERS

In the past two years, Ottawa has begun to publish its expenditure plans for a five-year period. These forecasts are organized on the basis of envelopes or packets of spending, the largest of which in absolute dollars are allotted to social and economic development programs. If, however, one examines the percentage increases projected in 1981 over the next five years, it is very clear —— and the government distinctly says so —— that energy and economic development would receive the highest priority in the allocation of *new* resources, while social programs would receive the lowest priority.

What do these projections mean for social programs? First, to understand how Liberal ministers think about social policy one must distinguish between the three ideas historically confessed about social policy in Canada. The first one, presumably at the heart of social policy, is the idea of redistribution from high income to low income groups. The second has been the idea that social programs constituted a right of citizenship. This idea is reflected in the existence of a large number of universal programs created for reasons other than redistribution. Such programs are also necessary to help persuade the Canadian middle class that it can get part of the social policy "action," so that government can then obtain political support for actual redistributive programs. The third idea in social policy includes a residual concept expressed sometimes as "quality of life." This can include programs regarding justice, stability of income, a charter of rights, environmental improvement, national unity, communications, in short a whole series of other social policy items.

I want to relate the three dimensions of social policy and the Liberal priorities to the way in which Liberal ministers have recently viewed social policy. When the social policy committee of the cabinet and its secretariat first met in 1980-81, in the first flush of the Liberal victory, it tried to come to grips with social policy in the early 1980s.

Four broad goals were identified, along with four or five target groups. One of the goals was simply expressed as "quality of life." The second goal was the reduction of poverty. The third goal was broadly characterized as "social justice." The fourth was expressed as enhancement of national identity.

The five target groups of social policy in the early 1980s were the elderly, the handicapped, native people, women, and young people. The Cabinet committee therefore tried to be specific about how new money should be spent and about what should be the focus of new programs. When the social development committee tried to present its views in these broad terms, it got nowhere in the larger internal discussions of the Cabinet. The only early success was the Charter of Rights itself, but it must be remembered that the constitutional process operated separately and had very little to do with the social policy committee of the cabinet. Even though the Hon. Jean Chrétien was heading this committee, constitutional reform was essentially a separate operation.

A year later, in 1981-82, social ministers began to play the internal cabinet game a little differently; they began to give a harder economic edge to their expression of "social" priorities. First, they began to relate social policy to the victims of inflation. This was reflected in the provision of mortgage incentives included in the budget at the last minute. Others began to campaign internally for the need to view social policy as a pre-condition to all of the structural economic adjustments the country would need. This was partly reflected in the success of the social ministers in obtaining funds earmarked for Indian, Métis, and other native Canadians, particularly in urban locations in western Canada.

Social ministers also began to relate the women's issue more strongly to the question of labour market and manpower training programs. In other words, the women's issue, rather than being perceived as a social frill, was increasingly presented as an economic necessity, particularly if certain types of jobs would require women in nontraditional jobs as projected by the Dodge Report on labour policy.

While the social ministers learned to play the game in the new language of economic restraint, they still did not obtain sufficient resources for the social envelope per se. They did not succeed in getting new "policy reserves," that is, new sources of funds for new initiatives.

As we consider the medium-term future, it is possible to foresee pressures that will increase social spending beyond its priority ranking of 1980-81. There are at least three pressures that might lead to this result, namely the rapidly deteriorating state of the economy, the pressure of an election, and the possibility of a leadership race.

Although these three factors will probably produce some increases in social spending, the question is, "In what areas?" One has to look here at two of the social policy ideas noted above. There will be concern about the amount of social spending that will be sufficiently visible and real to those target groups most in need. There will also be concern about how much will be needed not to alienate voters of the middle class and to win political support for the Liberal government. In short, the key consideration will be to find what will produce a visible and real package without costing too much.

One possible 1984 electoral package could revolve around two or three specific programs that would at least partially help some of the identified target groups. The first is another increase in the guaranteed income supplement. The second is some kind of expanded child tax credit. And the third, of course, is pension reform. Each of these programs has different attributes. They affect single women with children and the elderly, for example, in different ways. Some projections, however, indicate that the total cost of such reforms might be three billion dollars, a large absolute sum but one which only represents a six or seven per cent increase in the social envelope. If this is true, if there exists some pressure to produce at least some significant yet inexpensive new programs, does this augur well for social policy? In general it does not. The reason it does not is found in the third point I wish to cover.

A BROADER DEFINITION OF SOCIAL POLICY

I think it is essential to define social policy in a much broader way than the one to which we have become accustomed. The very fact that federal money is "cubby-holed" into social, economic and energy envelopes illustrates part of the problem. I would argue that key social spending decisions are *not* being made by social ministers! They are being made increasingly by others on cabinet committees that manage energy and economic development envelopes.

Consider, for example, the following major examples, which involve large sums of money. They affect the definition of social policy in a number of ways, either as redistribution and its effects on low income groups, or otherwise.

The first example is energy prices. When the Liberals returned to power they promised, partly because of the size of the federal deficit, to eliminate the large subsidies given to eastern refiners. They succeeded in eliminating these subsidies by calling them charges or prices. In social policy terms, two issues arise. The government could argue that these are desirable social policy measures because they redistribute income among governments, or that by taxing the growing Alberta-Saskatchewan energy wealth they are redistributing that wealth for the sake of national unity and regional fiscal balance. The other aspect of the social redistribution policy interest in energy policy clearly had an adverse effect. There are not many reliable measures of the net effect of energy prices and related increased taxes but it is highly likely that these prices have a regressive effect. They affect low-income groups severely and more than offset actual increases in the guaranteed income supplement given to older people at the beginning of 1980. That is the first example. Decisions were not made by the social ministers but rather by a small group of people involved in energy and fiscal policy.

As a second example, consider the MacEachen budget of November 1981. It has been criticized in many ways as being poor economic policy: but it was also poor social policy! Most people interested in social policy are aware, as evidence indicates, that the tax system over the past ten to fifteen years has become increasingly used as a political Christmas tree to confer benefits on several groups. The tax system has become increasingly regressive because higher income groups can take advantage of the tax incentives to a greater extent than low-income groups. Many of these incentives were given for overt economic policy reasons, that is, to support this industry or that particular activity.

The MacEachen budget purported to be a tax reform measure, and in a certain sense, it was; but I think the Liberals, and Mr. MacEachen in particular, tried to be a bit too clever. The aim was to close off certain tax expenditures, but instead of redistributing them in a low-income genuine way to low-income groups, these tax savings were redistributed to other middle-income groups.

So the tax "deck of cards" was simply shuffled, not redistributed. Here again the tax system was the basic vehicle for an attempt at social policy that did not, in fact, produce social policy. Indeed, I would argue that the greatest detriment of the MacEachen budget was the bad name it will likely give to future tax reform of a social nature. It will be a brave minister of finance who will tackle that topic again, and this is perhaps the worst long-term effect of the MacEachen budget.

If social policy is viewed in these broader terms if one indulges in a slightly broader understanding of Ottawa's cabinet processes, I think one must conclude that social policy for low-income Canadians will be much worse before it gets better. This is, to a considerable extent, because social policy is no longer made by social ministers to the same degree it was in earlier periods.

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1. See also G. Bruce Doern and Richard W. Phedd, *Canadian Public Policy: Ideas, Structure and Process* (Toronto: Metiver, 1983.)
2. The 1983 edition examines the Department of Justice and Communications. See G. Bruce Doern, ed., *How Ottawa Spends:* The Liberals, the *Opposition and National Priorities* (Lorimer, 1983).

The Orientation of Social Expenditure in Quebec

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The orientation of social expenditures and the future of social policy are once more at the center of a crucial debate, namely, what must be the role of the State for the underprivileged citizens of our society, and how must the State deal with the growth of our economy? In a period of generalized economic crisis (especially applicable to the State), we have seen the start of an important process to redefine the policies which have oriented the brunt of social expenditures in Canada and in Québec since the last World War. In the words of Marsh, who formulated keynesian economic and social policies for Canada, in 1943:

"We must adopt a policy of economic security as well as one of social security, and that is the meaning of 'social security' because both programs must be conceived so as to support one another."[1]

The control of social security has therefore a primary importance in the recent development of capitalism and in related State regulation for Canada. Social security has allowed the establishment of mechanisms which have stabilized global demand by either slowing it down or by increasing it; social security has also allowed the regulation of claims and social conflicts.

My comments about the present orientation of social expenditures in Québec will be based upon the close relationship between the development of the economy and that of social security, specially with respect to labor. My viewpoint is sociological, not economic; it questions the role of State intervention in the management of the social order in Québec; it also questions the compromise struck between capital and labor, which appears evident in the recent orientation of social policy in Québec. Those questions were, in any case, raised by the Social Policy Analysis Group of the School of Social Work, (Univeristé de Montréal), in the course of its current study about unemployment and related consequences, specifically for young people.

My comments will cover five topics:

1) We should speak of the disorientation, rather than of the orientation of current social expenditures in Québec.

Generally speaking, it appears that one must first distinguish analytically between the economic crisis and the State's budgetary crisis, which both seem to have taken the P.Q. government by surprise. From the moment it gained power in 1976, the Parti Québécois government has implemented several of its electoral promises in the field of social policy. Thus, in several cases, the new government generalized access to several programs which had been, until then, reserved for underprivileged persons. The government facilitated the access of a salaried middle class, which constitutes its political basis, to a series of transfer and service programs which were to implement the social-democracy project of the party. There was, however, no spectacular reorientation of the societal project proposed fifteen years earlier by the provincial Liberals, given the major reform of Social Affairs effected in 1971; however, in 1976 the Parti Québécois was trying to develop a policy which was being averted or reoriented by the Liberals a few years previously. However, the Parti Québécois needed then (and still needs) a very active State, in order to implement its project for the independence of Québec, which explains the fact that it actively developed State intervention in its fields of jurisdiction. In a context of economic and political dependency, only the State can really become the instrument to promote the development and the independence of Québec.

During the last two years, the government has repeated with increasing clamor that it cannot honor any more several social commitments it had made to the population and to its employees. All this happened after the referendum; we may legitimately think that the State's financial impasse could not have been revealed before the referendum, because this was not politically saleable; that timing is also due to the dramatic increase of interest rates, whose catastrophic economic and social consequences were not even foreseen in the report of the Economic Council of Canada (1981). Here again, we suddenly witness the major weakness of the State's social policies and its current growth, which are both predicated upon loans rather than a real growth of the national product.

The interventions of the Québec government therefore give an impression of its disorientation at the present time. The official story is that the government has no more funds because it must deal with the most important problem, i.e. the public debt. Real needs are accumulating from day to day and social welfare statistics bear witness to this fact, because they record lost jobs with several months' delay; unemployment insurance provides a temporary relief between the end of a job and the need for social welfare. Recent decisions[2] by the State Department for Economic Development to spend 100 million dollars for the stimulation of employment do nothing but provide temporary assistance and artificial support of employment: 42 million dollars to give work to people on welfare, 24.7 million to prop up fledgling businesses about to go under, 23 million dollars to create community employment, etc. The Minister admitted himself that the task at hand is undertaken to limit the damages and that it really is a "mission impossible". Not only does an increasing sector of the population require welfare, but a major part of the Québec economy has itself become a welfare economy. Never before in the recent history of Québec has the character of economic and political dependency of that society become as tragically evident. Events are unfolding as if the present economic crisis were weakening that society specifically, in as much as the independence project is predicated upon the will to use the state as its major tool; the feeling is that this project is seriously threatened and that the governing elite has effectively integrated, within its actual management practices, the status of a peripheral society which seems to be the lot of Québec in the present restructuration of the Canadian and North-American economy.

2) There is presently no perceptible link between social expenditures and an economic policy.

At the present time, all social expenditures related to work are not carried out within the framework of a policy for economic development, but rather according to the limits of a bureaucratic notion of the efficiency of social policies. Concretely, this means that welfare must be thoroughly "washed out" by all means through the re-introduction of the traditional distinction between people who are capable of working and those who are not: another method is to create thousands of temporary jobs for persons on welfare, so that after twenty weeks they can be transferred to the UIC program; the government is also trying to prevent new individuals from going on welfare by increasing job pay, by propping up small businesses, by creating jobs for young people without experience, by supporting job-sharing, etc. However, we note that for all such initiatives, the reference point is neither an economic development policy, nor an employment policy, but the will to cut back on welfare payments. It is therefore essentially a bureaucratic logic which presently orients social expenditures related to the costs of unemployment. Bureaucrats reason within the framework and the limits of programs established to be run nearly automatically in the circumstances. Innovations occur within the pre-set limits of ad-hoc programs developed on the basis of existing programs, whose target groups are particularly vulnerable, costly or politically strategic, specifically young people looking for their first job and women on welfare; no global strategy, no socio-economic development project lead nor guide a specific orientation.

During the last ten years, Québec has developed its social policies quite separately from its economic policies; that approach was valid in an economic context where public expenditures seemed unlimited, at a time when the state was trying to build a public sector fraught with jobs for a highly qualified workforce, jobs which the private sector could not offer for well-known historical reasons.[3] The crisis modifies the constitution and the growth of a service-oriented middle class which is now threatened. We note without surprise that leading civil servants who have directly benefitted from the autonomous development of public infrastructure, with respect to that of the private economy, have not articulated economic development or social policies.

3) The full employment ideology, upon which is predicated the orientation of social expenditures relatively to work, is a faulty one.

That thought applies to Canadian as well as Québec policies. It is quite peculiar to note that social policies dealing with work all have in common the objective of full employment; we know that the ratio between job offers and demands is about 3 to 100 in Canada; in addition, social forecasting predicts that a considerable number of jobs will disappear over the next ten years in the secondary and tertiary sectors because of the increased presence of computers.

Why, then, do most plans try to implement a full employment objective seemingly impossible to realize? Is the State therefore unable to give a new meaning to work, which has always constituted the cornerstone of all societal institutions? I would now like to underscore one of the conservative functions of a full employment ideology. I will develop a comment made by Benjamin Coriat, a French social policy analyst, about neo-liberal tendencies developed by some States in the field of social policy.

Everything is set up as if some social benefits were distributed in a more specialized way. That phenomenon is very evident with respect to unemployment insurance benefits and, by extension, measures taken to support employment. The cost of eligibility for specific benefits is reworked in order to reach specific target groups, i.e. young people looking for their first job, women (as long as they are widows, single mothers or unwed mothers), etc. If we examine the whole range of social benefits and transfers, we can safely say that a new "logic" of *insurance* tends to become dominant, at the expense of the principle of *social help*. The idea upon which it is predicated rests upon the fact that so-called "complementary benefits" are linked to a job and are closely related to production and a wage-earning status, rather than being linked, as it was traditionally, to the idea of guaranty of protection and of solidarity with the poorest citizens. The English and French reforms of the necessary prerequisites for unemployment insurance benfits are trying to privatize and individualize such benefits. That modification is extremely obvious in the Reagan program which anticipates the replacement of the *welfare* policy by the *workfare* policy.[4]

Given the analysis developed by X. Greffe,[5] another well-known social policy expert, I am hypothesizing that the full employment ideology must be developed by States which are shifting from the principle of assistance to that of insurance (such is the case in Québec and Canada) because of disappearance of available jobs. The social obligations of the State toward newly-unemployed persons are increasing because jobs are disappearing and governments are specifically trying to avoid their obligations. The full employment ideology therefore becomes a useful tool, incredibly as it seems, to shift the responsibility of unemployment back to the individual but not upon the economic structure governed by the "pure logic" of market place forces and by the so-called efficiency of economic and social balance.

Such reasoning comes from the very conservative character of social policy created by States which supposedly target their interventions toward full employment; that specifically constitutes the orientations of Québec's social expenditures.

Given such an analysis, the meaning implied by the goal of full employment is politically different (i.e. at the level of institutional management of social forces),depending upon whether or not it is predicated by a government with a welfare tradition as is the case with Québec, or is demanded by the unions, with a well-known tradition of claims for the right to work.

The notion of full employment is profoundly contradictory at least with respect to the role of the State. By supporting full employment, the State holds individuals responsible for the consequences of unemployment; unions must act so that the State not only respects its social obligations, but also fully supports employment in this crisis, because even in a system based upon assistance and solidarity, gains earned through work remain the central principle of every social security system. We can therefore expect that full employment, which is presently a common objective of unions and government alike, shall soon become the object of a major social confrontation when it becomes evident that both partners are not seeking the same objective.

4) The orientation of expenditures is becoming increasingly conservative

Although social-democratic in appearance, the Québec government is increasingly adopting conservative or neo-liberal practices.

With respect to social welfare and youth employment (and that of women) the trend is to make individuals explicitly responsible for their survival. With Bill 30 dealing with social welfare, the government has clearly integrated it with employment. The current theory holds that many welfare recipients are capable of working. Manpower centers therefore try to suggest employment twice to such people; if they refuse, then they loose the right to welfare and the State is then authorized, for the first time since the crisis of the 1930's to withhold even minimal help from its needy citizens. Bill 30 establishes the old distinction between those people who are capable of working and those who are incapable of doing so; it establishes economic functions as well as social discrimination through that distinction when it determines such criteria. Government knows well that there is quite a difference between theory and practice with respect to the capacity to work; in a situation of massive unemployment, social welfare recipients are not likely to win the race for jobs!

With respect to transfer programs and to universal services, there is also a tendency which does not affect social justice at this time: the introduction of several kinds of measures to discourage the public from using such services. If we adopt the analysis of experts who point out the regressive characteristics of several programs which are mostly supported by low-income earners, we understand that they are mostly used by the middle class. I should mention here Ross' analysis published in CCSD documents.

With respect to direct services, one must mention the conscious deterioration of professional social services in the "Centres de services sociaux" (Social Service Centers) and in some CLSC: it directly affects populations which are psychologically and socially dependent, which have no negotiating power, and it wreaks havoc in their ranks. At a time when the government is quite prompt to define so-called "essential services", it is particularly ironical to note that it has fired about one-fifth of the social personnel working in these Social Service Centers; incredibly enough it has displaced professional staff without taking any notice of sectorial proficiency and of the relationship between those professionals and their clients. Here is a direct effect of governmental orientation of social expenditures, deemed to be savings in the eyes of governmental accountants!

The last element which allows us to understand the character of the government's recent orientation of social expenditures is its strategy to develop other community recources, namely the family and volunteer groups. Such an orientation is quite conservative because some public servants think that those resources are like a spare wheel of the government's limousine, which can give unlimited services, especially with respect to self-help groups and solidarity, since the State is increasingly incapable of paying for such services. In that frame of mind, the traditional structure of the family or of the community is thus typically revalued once more, with their typical roles and types of social control and specific oppression. Thankfully, all civil servants do not share such a theoretical and static vision of possible solutions; the subject of women is provoking reactions which could well halt such simplistic solutions and force government to face new social movements created by the present crisis.

5) We are perceiving certain promising signs that the conservative orientation of the social expenditures by the Québec government is effectively being challenged.

Our interviews show that certain positions or perspectives are capable of destroying the apparent monolithism of the conservative solutions which have been put forth massively by governmental strategists.

In concluding, it is evident that between the theoretical schemes for solving this expenditure crisis and the real application of concrete possibilities, there exists a rift, a considerable space where evolves, for instance, the women's social movement, with its specific demands relative to the status of women with the family, with respect to household pay and to concrete measures for establishing equality between the sexes, etc.; such matters must be debated and solved before we can consider re-establishing the value of the role of the family, which could replace governmental intervention, or before establishing a part-time work policy. In that space we also find the social youth movement, which is increasingly claiming the right to work and the right to better living conditions than those allowed by $138, the monthly social welfare benefits. We also find claims which are made by popular groups and by unions; they are particularly shrill at a time when the power elite does not hesitate to sever an agreement concluded with the latter, which had allowed government to be elected in 1976. Let me mention the individual silent ploys which foul up the bureaucratic management system of social welfare, for instance with respect to the notion of a capacity to work.

On the other hand, all are not convinced that the government is, as it claims, financially dry. It seems that important funds are accumulated in the coffers of "Régimes des rentes," pension funds, the CSST, automobile insurance, etc. I am not an expert about such matters and the strategies they imply, but since the experts are mentioning them, then we must acknowledge their presence if only to question the crisis scenario invoked by the government. It would also be useful to thoroughly reevaluate the social performance of the multiple transfer and service programs. It would also be possible to save money by limiting several programs which are not progressive (or which are regressive) in order to redistribute those sums more equitably among people who have, in any case, mostly paid for them given their revenue: I am thinking of the low-wage earners and of the working class. It is a matter of political will on the part of the government: it must examine the power relationships in our society.

With respect to the ultimate question of the delineation of social expenditures and of revenues, I will mention some minority positions. Social policy has heretofore been, by and large, developed without any reference to work; there is however, at the regional level, a tendency to establish a relationship between social and economic sectors. In particular, the CLSC might try to integrate on a territorial basis employment problems with social health and educational problems. Such perspectives are current and prove to be very interesting: they might not only open up administrations but truly help the life of individuals and communities.

Such elements of information and such initiatives are, in my opinion, quite important in order to reinforce the process of global response which I have suggested with respect to the orientation of the social expenditures of the Québec government. However, no autonomous project exists with respect to the crucial question of employment and of its application to the social interventions of the state. To what point can the government progressively abandon its social commitments and have no true policy for the support and development of employment? It is at that point that the internal logic of social expenditures will meet social claims.

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2. *Le Devoir*, June 11, 1982, p. 2.
3. Cf. F. Lesemann, Classes dirigeantes et gestion des rapports sociaux..., Ronéo, Montréal, 1978, p. 84.
4. B. Cariat, "Relations industrielles, rapport salarial et régulation: l'inflexion néo-libérale" in *La crise économique et sa gestion*, Boréal-Express, Montréal, 1982. p. 137.
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The Social Policy Reformer in the 1980s

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These are trying times for social policy professionals. The hopes of the 1960s and 1970s have given way to the frustrations of the early 1980s. The optimism that accompanied the building of major planks of our own version of the welfare state during the post-war decades has been replaced by the dreary need to defend the gains of the past.

Yet the welfare state in Canada and in other western nations is threatened as much from within as from without. In the long run the greatest danger is that the social policy community will retreat into purely defensive postures. Now more than ever is the time for ambitious social policy reforms and for a strong reassertion of the role of social policy in modern society. But this reassertion must be based on an understanding of the 1980s in the context of the long-term evolution of the welfare state, and social policy reformers must be prepared to grasp the levers of change that the 1980s do present, even if that means straying beyond the traditional boundaries of the social services as they are conventionally defined.

Clearly, the economic and political context of the next decade does not look encouraging. The immediate social costs of the recession are dramatically visible to everyone; but less visible, at least to many of the general public, are the profound adjustments in the Canadian economy, adjustments that will continue long after the current recession eases. Traditional manufacturing industries are being forcibly restructured by international competition, and any future expansion in that sector will be based on new, less labour-intensive technologies. Similarly, the micro-electronic revolution is changing our administrative systems and again the spread of new technology is premised on the relentless drive to reduce labour costs. These and similar adjustments in other sectors of the economy will have major implications for future patterns of employment and unemployment. Economists now predict a significantly higher level of unemployment over the long term, perhaps on a permanent basis. Admittedly, new, highly skilled positions will be created every week in this technological future; but many other jobs will disappear every day. And those displaced will be those least able to compete, those without the education, training, and self-confidence to cope effectively in the harsher economic climate that will persist as we edge towards the 21st century.

Demographic trends will exacerbate these social tensions. The continuing evolution of the family structure will leave increasing proportions of the populations at risk. The Canadian population will also age dramatically, necessitating tremendous adjustments in our pension system, our health care, and our personal services.

Yet these social pressures are really just the tip of the iceberg, the visible signs of a more pervasive evolution in western societies generally, and certainly in Canada. We are in danger of entering what might be called the era of the new inequality: we are entering a period in which inequality will begin to grow again. Throughout the post-war decade, the distribution of income —— the spread of income between upper and lower income Canadians —— remained remarkably stable. This stability has been one of the great social phenomena of the 20th century. Despite the expansion of government, despite the growth of social programs, despite the evolution in the economy and the advent of collective bargaining, the distribution of income between upper-and lower-income Canadians has remained virtually static since the 1950s.[1] And this basic pattern has been reported in many other countries in the western world.

Such stability is about to give way. The image of a static distribution of income has been somewhat deceiving because it has tended to conceal a slow growth in inequality of earned income, that is, in the money that individuals derive from the market place. In recent decades this growing inequality in the market place has been offset by a rapid rise in social spending as a proportion of the gross national product. In effect, the welfare state has had to run harder just to stand still. But the pace will not be maintained. The economic and demographic pressures for greater inequality in the market place will continue and expand throughout the 1980s and 1990s. The recession is clearly part of this, but the long-term pressures will persist even after the recession recedes; social spending, on the other hand, will not continue to rise fast enough to offset these market trends. We are now faced with the prospect of the gap between economic reality and our social ideals widening in an obvious and visible manner.

In considering how best to respond to this threat, it is important to recognize the forces of resistance to greater social spending. The expansion of the welfare state during the post-war years was based on a triumvirate of forces, all of which are now badly eroded. These three pillars were Keynesian economics, declining defense expenditures, and economic growth.

1. During the 1940s, 1950s, and 1960s the Keynesian economic consensus was compatible with significant welfare spending. Social expenditures were seen as an automatic stabilizer of the economy, expanding in periods of recession and easing in periods of high employment. But the simultaneous emergence of high levels of inflation and unemployment has fatally undermined the Keynesian orthodoxy, and the rise of monetarist economics has put social policy and economic theory back on a collision course in the 1980s that is remarkably reminiscent of the 1980s.

2. For most of the post-war era, the rise in social spending was offset by the decline in the public defence expenditure. Even in the United States, surprisingly, defence expenditure declined in relation to all government expenditure, and this made room for expanding social spending. But with the return to international confrontation in the 1980s, this easy way out has disappeared.

3. Finally, the end of steady economic growth has transformed welfare

> spending into a zero-sum process. Any major expansion in social programs today requires a visible and explicit reduction in the standard of living of others, including many middle-income Canadians who are now facing economic insecurity themselves. In any choice between tax cuts and expanded social spending, politicians have little doubt about which alternative these electors would choose.

With the erosion of these three pillars of social spending, the welfare state has been left exposed and is now caught in a deadly crossfire between the political right and the political left. A neo-conservative attack on social spending is perhaps inevitable during a recession. Once again the argument that welfare spending undermines economic productivity is heard across the land. Even a cursory examination of the economic performance of different western countries would undermine such simple propositions. Countries such as France, West Germany, Norway, Sweden, the Netherlands, and Italy all spend much more on welfare than Canada or the United States. But every one of those countries enjoyed much greater economic productivity and a more rapid rise in economic productivity throughout all of the 1960s and 1970s than did either the United States or Canada.[2] Clearly, social spending is not incompatible with economic growth. But despite this, the political force of neo-conservatism has a number of years to run. Political ideology is seldom constrained by hard evidence.

But equally ominous is the erosion of faith in social policy on the political left. There is a real danger that the support for social policy among its traditional allies —— left-wing intellectuals and left-wing political parties —— is being increasingly qualified by important doubts. The apparent intractability of modern social programs, the inability of the social services to win significant victories over major social problems, and the failure of the welfare state to usher in a dramatically more equal society have all contributed to a malaise on the political left. Those interested in achieving a more egalitarian society are now looking more to economic instruments of reform than to social policy.

This loss of faith can be seen on the left both in Europe and in North America. In Britain, for example, evidence that spending on education, social services, and housing have benefited middle-income people more than the poor has led to suggestions that income transfers and tax reform are far more important to achieving equality than more spending on social services. Revealingly, while the Labour Government of 1974 to 1979 struggled against economic adversity to expand income-security payments it did not do the same for spending on health, education, and the social services.[3] In the United States the small gains of the much heralded war on poverty has created a pervasive feeling that we really do not know how to solve serious social problems and that more money does not automatically help. The result was a much less spirited fight against the initial rounds of President Reagan's reductions in social spending than one might have expected. Canada, as usual, has absorbed much of this international pessimism, and the stubbornness of our own social problems has produced ambivalence, even among some of the pioneers of our own version of the welfare state. Although the political left will normally support existing social services, it is much less optimistic that further extension of the welfare state is the key to future progress.

Given this inauspicious environment, what is to be done? What are the prospects for social policy reformers in the 1980s? Are we condemned simply to a debilitating round of defensive battles with fewer and fewer real champions at the political level? I think not. Clearly major new spending is not on the horizon. Certainly defensive battles remain to be fought. The battle over medicare is only one of many that could be listed. But the 1980s should move beyond defence and into the offense in two important ways.

First, now is the time to lay down the social policy agenda for decades to come. It is important to view the evolution of the welfare state in time-horizons much longer than the annual budgetary struggle inside the public service. There are cycles in the history of social policy. Some decades are dominated more by analysis and advocacy, others by action. And, in part, the 1980s should be a decade of agenda-setting. The parallels with the 1930s are striking. That decade was one both of economic collapse and intellectual creativity in the social policy world. The commitment to reform and the ideas that were born in the crucible of that depression were swept up in the great documents of the 1930s and 1940s: the Montpetit Reports, the Rowell-Sirois Report, the Marsh Report. In effect, ideas born in the 1930s became the reform agenda of the post-war generation. In exactly the same way, the reaction of the social policy community to the economic turmoil of the present will shape the social policy agenda of the 1990s and beyond. If a commitment to change and specific proposals for reform do not emerge in the midst of a severe recession, they probably never will. Social policy reformers must push the full cost of the recession ever more firmly into the consciousness of the nation. They must advance quite clear-headed proposals and demonstrate the relevance of those proposals to social change. We must earn, not take for granted, political support, even from the political left. But the key point is that now is the time for more ambition, not less. Major proposals may not be acceptable today. But if we tailor our aspirations to the constraints of today, we will diminish the prospects of real advance tomorrow and in the years and decades to come.

Second, the 1980s should be a decade of advance in more immediate terms as well, a decade of offensive as well as defensive battles. If spending restraint seems to paralyse some of our traditional programs, then social policy reformers must simply spread their horizons and place a firmer hand on the levers of change that the 1980s do present. Every decade presents opportunities somewhere. Social policy reformers must simply go where the action is.

Now let me suggest three examples. These are not in any sense advanced as the most important reforms possible; nor do they represent even a complete catalogue of the possibilities of the 1980s. But they are three important areas that will necessarily produce important opportunities. The first is the tax system. Despite recent advances in the area of tax expenditures, the social policy community has devoted far too little attention to the way in which its programs are financed. Yet the taxation side is as important as the spending side in determining the overall impact of a program and more important than the spending side in determining the political sensitivity of that program. Clearly, the most important reason why welfare is not more redistributive is the lack of a truly progressive tax system. Social benefits received by low-income people have probably been paid for in large part by other people with very modest incomes. This is one of the important reasons for the erosion of faith in social policy as an instrument of reform on the political left in Europe and to only a slightly less extent in North America.

The key to redistribution lies in tax reform. But care has to be taken, for there are traps. Social scientists have spent some time in recent years comparing the relative strength of welfare backlash in different western nations, and they have concluded that backlash –– the "Proposition 13" mentality –– has been strongest precisely in those countries that have relied most on direct and progressive taxation, especially income tax. In contrast, countries that have financed their social spending most heavily through indirect or invisible taxes or through programmatic or earmarked taxes have been less subject to backlash. In fact, the conclusion of these surveys of different countries is perhaps a slightly surprising one: the total level of taxation seems to be much less important politically than the form of that taxation.[4] Undoubtedly, indirect taxes can very much complicate the achievement of redistributive goals, even if they do make expansion of the social services easier. But there may be lessons here. Perhaps eliminating the old earmarked taxes for Old Age Security was a mistake, for example. Should we, in fact, be multiplying earmarked taxes or programmatic taxes? Should more thought be given to whether there are forms of indirect taxation that can be made progressive?

These are issues that the social policy community must address. This obviously means bringing more expertise to this area of the tax field than we have done so far. But, eventually, the guns of social reformers need to be trained even more steadily on ministers of finance and their officials. Taxation and other economic policy decisions can –– overnight –– overwhelm the progress achieved through years of social policy effort. And the silence of the social policy community during the recent controversies over tax reform in recent federal budgets speaks volumes about the marginality of the social policy community beside the key political issues of the day.

Tax reform and the tax reform process will be continuing concerns in the 1980s. The minister of finance has initiated a somewhat more "open" tax process, one which allows for greater input from the outside before firm tax decisions are announced. Established economic interests have already begun to exploit the greater openness in the tax policy process. But the social policy community should be there as well, and it should have thought very hard about the ways in which revenues for its programs should be raised. Tax policy is far too important to be left to the minister of finance and businessmen. That is one area in which things are changing, an area in which the social policy community has not only an opportunity but a duty to intervene.

The legal system presents a second possibility. The 1980s will be remembered as the decade of the Charter of Rights. Key judicial decisions will provide much more precise meanings for the general terms in our new constitutional provisions. Moreover, the Charter and the various human rights codes at the provincial level will undoubtedly make Canada a more litigious society. More policy issues that touch on individuals' social, cultural, and physical condition will be resolved in the courts than ever in the past. As a sector that deals intimately with people's lives, the social policy community will have to come ro grips with and hopefully realize the potential of this more legalistic environment. The Charter of Rights was a great disappointment to many people in the social policy community because it did not entrench a comprehensive set of social rights. But we should not therefore be blind to the potential of what has been put in place —— for good and for ill. Certainly our governments will not make that mistake. The Ontario Attorney General's Department, to cite only one case, asked the Department of Community and Social Services to report on the implications of the Charter and of the new Ontario Human Rights Code for the social services. Although that report has not yet been made public, it is some 400 pages long!

Lawyers with an interest in social issues suggest that there is a very impressive list of possibilities implicit in the Charter. Some examples might help:

- Non-discrimination on the grounds of sex. An important advance in the Charter, will almost certainly overturn some existing social assistance rules, especially those rules that treat single mothers more sympathetically than single fathers.

- Another example concerns competency and guardianship, which will be much more complex in the future. More generally, all persons will enjoy stronger rights. Discrimination against the handicapped, including the developmentally handicapped, will be illegal, and service providers dealing with such clients will face a far more exacting legal environment. All sorts of possibilities abound. For example, does substandard accommodation for the severely handicapped constitute discrimination?

- Will non-discrimination on the basis of age overturn mandatory retirement policies and thereby have an impact on our pension systems?

- In yet another area, will the higher standards of due process and correct procedure that are being imposed on the police and the courts wash over –– even indirectly –– into the administrative sphere? Will higher expectations be either imposed by the courts or simply become implicit in the attitudes of the community towards the way things are decided in social service agencies? Will that affect procedures on everything from decisions about admission into and discharge from important facilities, right through to the social assistance appeal systems? Administrative formalization has both costs and benefits, especially in services which often require sensitive responsiveness to complex personal situations.

- In yet another area, will the constitutional provision for affirmative action be used in socially necessary ways to protect those who really need extra help from the norm of uniform treatment which is otherwise implicit in the Charter. If not, responsiveness to particular client groups may be jeopardized?

- And on, and on, and on.

The critical question is who will represent the interests of the poor and the weak in this more litigious Canada of the 1980s? Rest assured that powerful interests will mobilize impressive legal resources in efforts to minimize the scope of important parts of the Charter. Will more vulnerable groups command comparable resources? Women's groups, for example, are already worried about their capacity to raise the finances required to make their apparent victory in the last stages of the constitutional battle a meaningful one. But who will defend the even weaker groups who are clients of the social service sector? Can we count on welfare professionals and the social policy community at large to come down unambiguously on the side of the weakest? In particular, who will defend the interests of clients when their interests conflict with those of social service personnel, especially front-line workers? Many service providers already feel legally vulnerable and exposed, in light of a number of important court cases in recent years. If social policy professionals respond in a purely defensive manner to the legal dynamics of the 1980s, an important opportunity will have been lost.

A third area, that can be raised only briefly here, is manpower policy. As we move into a protracted period of higher unemployment, the key battle in society will be over access to a smaller supply of well-paid jobs, and by implication over access to the training and the retraining that equips people to get those jobs. Social reformers must push their way into manpower policy to ensure that the field is not dominated exclusively by labour market perspectives. Equity in education is hardly a new challenge, but it will take on a new configuration in the 1980s as western societies retool for a more complex economic world.

These three policy areas do not represent an ideal agenda for the advocate of greater social equity. Many other areas probably deserve greater attention. But these three do at least constitute areas in which changes are taking place anyway and in which social reformers can seek to shift developments marginally along a more progressive path. Obviously the social policy community cannot abandon its primary responsibilities in the social services. But social policy reformers must also assert themselves in the major political controversies of the decade, even if that means going beyond traditional boundaries.

So the role of the social reformer in the 1980s is a complex one, involving both setting the social agenda for the 1990s and beyond, and seizing the opportunities that do exist. Clearly, the social policy reformer in the 1980s will have to be a complex person —— part social worker, part economist, part lawyer, part politician, and part social dreamer. Perhaps it was always thus. The core is the commitment to help the poor. That has not changed. But the instruments chosen must fit the times. Every decade provides levers of change and the 1980s are no exception. The trick is to identify them clearly and then to grasp them firmly.

NOTES

1. See D.P. Ross, *The Canadian Fact Book on Income Distribution* (Ottawa: Canadian Council on Social Development, 1980): W.I. Gillespie, *The Redistribution of Income in Canada* (Toronto: Gage Publishing, 1980): Economic Council of Canada, *Reflections on Canadian Incomes* (Ottawa: Ministry of Supply and Services, 1980).
2. For a useful discussion of this, see OECD, *The Welfare State in Crisis* (Paris, 1981), pp. 137-50.
3. See N. Bosanquet and P. Townsend, *Labour and Equality: A Fabian Study of Labour in Power, 1974-79* (London: Heinemann, 1980).
4. See, for example, H. Wilensky, *The New Corporation, Centralization and the Welfare State* (Beverly Hills, California: Sage Publications, 1976); D. Hibbs and H. Madsen, "Public Reactions to the Growth of Taxation and Government Expenditure," World Politics, 33 (1980-81), 413-35; OECD, *The Welfare State in Crisis* (Paris, 1981); and S. Rosenberry, "Social Insurance, Distributive Criteria and the Welfare Backlash: A Comparative Analysis," *British Journal of Political Science*, 12 (1982), 421-47.

Aging in Canadian Society

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A World Assembly on Aging sponsored by the United Nations was held in Vienna in September of 1982. This gathering marked the culmination of several years of steadily growing concern about the many implications of aging both of individuals and of societies.

No longer is the phenomenon of growing old confined to a small minority of our population. Today, most of us have a reasonable chance of surviving beyond the classic "three score years and ten," well into our 70s and beyond. At the same time as life expectancy is increasing, fewer babies are being born, and the average age of our population is steadily rising. A growing proportion of our population is old, and the demographic make-up of society is consequently shifting.

The international assembly drew world-wide attention to these startling changes in our population structures in its focus on the elderly, their difficulties and their triumphs. William Kerrigan, Secretary-General of the Assembly, observed that the aging or "greying" of developed societies represents "both an opportunity and a responsibility." We must now judge how well participating nations can respond to this double-edged challenge. Some observers predict that as the young begin to realize that they may be "old" for 20 years or more, they will ensure that radical changes are made to accommodate the needs of senior citizens. Others are less optimistic.

Let us examine the relationship between aging and the efforts, desires, and problems of the elderly in securing and maintaining an independent life style.

According to Statistics Canada, the percentage of citizens 65 years and over will reach 11.9 per cent of the overall Canadian population by 2001 and jump to 20.2 per cent by 2031, just 50 years from now. As senior citizens grow in real numbers, so too does their public visibility. Happily, they are articulating and documenting their problems and needs in a more coordinated and politically sophisticated manner than ever before. As a resourceful and potentially powerful lobby group they are attracting increased attention. In Nova Scotia, for example, not a week goes by without the Federation of Senior Citizens, the Gerontology Association, Pensioners Concerned, or some other group expressing to the government their needs, from snow shovelling to income security, health and home care services to recreational services, as well as rental and special social assistance.

Dr. Halfdan Mahler, Director General of the World Health Organization, warns that we must discard the still-popular stereotype of the elderly as helpless and useless. In his words

> The image of the aged person as one who is tottering towards the grave, battered by illness and mined by disease, beyond the capacity for

> loving and incapable of taking care of himself, much less rendering service to others, is false.

Growing old is no longer equated with mental and physical frailty and with dependence on others -- whether they be younger family members, the community, or society at large. To paraphrase the well-known advertisement, we are not only getting older -- we're getting better! Our ability to be involved with and useful in the life of our community and our country does not diminish as we reach the age of 65.

Despite our preoccupation with retirement and growing old, we still approach this time of our lives not with joy and anticipation but with trepidation and dread. Robert Blyth made this astute observation in *The View in Winter* (1979), his sensitive and thoughtful study of aging in Britain:

> We never say as we might with any other general advancement, "How wonderful it is that by the year 2000 everybody will be more or less guaranteed a full life." Instead we mutter, our faces thickened with anxiety, "Just think, in twenty years' time half the population will be over 60."

As individuals and as a society, we cannot yet fully grasp the reality of generations of long-living citizens or "full-timers," as Robert Blyth calls them. Our society seems to have been burdened almost overnight with the problems of adequately housing, caring for, and coping with a generation of senior citizens who, although increasingly active both physically and mentally, still require financial aid and substantial support services.

In the not-too-distant past, most Canadians spent their senior years in the care of their families, only entering the hospital or nursing home under extreme conditions of illness or incapacity. The question of senior citizens' right to independence simply did not arise! In fact, those elderly persons who did maintain their own homes "to the end" and who cherished their autonomy were often labelled as eccentrics.

There have been startling changes in the attitudes and abilities of families to carry on the parent-caring role. The size of the average family unit is shrinking in Canada, and the extended family, encompassing elderly aunts, uncles, and grandparents, is no longer the norm. Furthermore, in the past, the responsibility of looking after aged family members usually fell to the daughters or daughters-in-law. Today as sex roles change and the demands on family income increase, more and more women are seeking work outside the home and are no longer able to carry on with their traditional parent-caring responsibilities.

For these and other reasons, problems that were once solved within the family unit are now confronting governments and society in general. Victor Marshall, in the introduction to his book, *Aging in Canada* (1980), wrote: "The aging of individuals is a biological process; however, it is possible that the most important things about aging are social rather than biological or psychological." The independence now greatly sought by many senior Canadians is centered upon the desire for financial security, vocational satisfaction, intellectual stimulation, physical well-being, and suitable living accommodation. A recent study conducted for the Ontario Economic Council concluded that most older people cherish the idea of remaining in their homes. The authors wrote: "It (the home) becomes a part of their autonomy and control. There is no doubt that older Canadians want to remain at home as long as possible."

Most governments apparently support the notion of seniors staying in their own homes for as long as they wish and are able to do so. In recent years a number of support programs have been introduced to help in this endeavour. All Canadian provinces now offer a wide range of home services, from homemakers, meals-on-wheels programs, and home handymen to home nursing care. Not only does this help seniors maintain their independence, but also in reducing the trend toward expensive institutional care, it helps lower the cost to government.

Despite these efforts, the rate of institutionalization of the elderly in Canada is one of the highest among the industrialized nations. Millions of dollars are spent annually on the construction of residential facilities for those seniors in need of personal, nursing, or supervisory care.

The Economic Council study also argued that at a certain point, it is no longer fair to older people, their families, or the community to sustain the psychological, social, and financial costs of home care: "There comes a time when institutions are quite appropriate in the life of elderly Canadians, particularly at very advanced ages. At this stage, institutional placement should be encouraged." Thus, the need for special care homes will never be totally eliminated. What governments must strive for, however, is an appropriate balance in the provision of funds for alternative, at-home support services and for institutional care.

Economic stability must be seen as the key to senior citizens recognizing their full potential and independence. Unfortunately, in this country, seniors still face gloomy financial prospects. Too often, instead of maintaining a decent life style after retirement, Canadians experience a painful reduction in their standard of living. More than one-half find themselves fully or partially eligible for the Guaranteed Income Supplement, an indication that they are unable to survive with their savings income and with private government pension plans.

The future looks no brighter. The Institute for Research on Public Policy has warned that toward the end of the century Canadian society will begin to experience a serious problem in providing adequate retirement income to support the post-war baby-boom generation. Not only will a sharply rising number of older citizens risk the erosion of their incomes to unacceptable levels, but increasing requirements for income support may unduly burden the performance of the Canadian economy. The aging of society affects young and old alike. The younger generation will have to bear enormous economic costs in order to meet the health care needs of an older population, especially if its members are to escape poverty and lead economically secure lives, free to enjoy their retirement years.

A total of six voluminous reports on the issue of income for seniors have been commissioned in Canada by the federal, Ontario, and Québec governments since 1978. Most if not all of the provinces are currently reviewing the adequacy of their individual and collective pension provisions. On the related issue of a compulsory retirement age, a 1975 British survey revealed that one-third of the old people interviewed said they would have continued to work had they been allowed to. Nova Scotia recently commissioned a study of retirement age policies and similar studies are underway in other Canadian jurisdictions.

We must continue to focus on these two issues -- income security and retirement age -- as we strive to improve living conditions and increase the independence of our elderly citizens. Changes affecting retirement age and income policies take several years to become effective. Although dramatic shifts among age groups will not occur until the next century, we must act now to ensure that future generations of senior citizens enjoy financial security and independence.

After interviewing dozens of older Britons for his book, Robert Blyth concluded: "Constantly, as one talked to the aged, one felt this struggle to say who they are, and not just who and what they have been." Social service institutions in Canada must ensure that the elderly are known and that present realities are dealt with in modifying and structuring their social existence. Perhaps more important, seniors must be actively involved in the programs and policies that affect them.

In conclusion, I would suggest that senior Canadians may fail in their attempts to gain independence even if governments successfully implement better social, housing, labour and retirement income policies. A problem of attitudes still remains. The time has come for us to revise the way we see the elderly and the aging process. Senior citizens must be geographically and socially integrated within our communities. They must be permitted to share with younger generations their knowledge, their experience, and their wisdom.

The Decline of the Welfare State?

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THE BIRTH OF THE WELFARE STATE

One hundred years ago, on June 15, 1883, the world's first law on health insurance was passed -- in Germany. This law was quickly followed by two others: one concerning work accidents in 1884 and the other on old age and infirmity pensions in 1889. Together those three laws earned for Chancellor Bismarck the title of father of the welfare state.

In 1898 France followed suit with a law covering work accidents, which in turn was followed by a law on old age pensions in 1910, one on social insurance in 1930, and another on family allowances in 1932. The present system of social security was established in 1946, although unemployment insurance was not instituted until 1958.

In Great Britain Lloyd George's government passed a law providing financial aid to old people in 1908 and in 1911 instituted a system of health and unemployment insurance. After the Second World War, the application of the Beveridge Plan of 1942 gave new impetus to the development of the welfare state in that country.[1]

In Canada a law on workmen's compensation was adopted in 1909 in the province of Québec. Unemployment insurance was established by the federal government in 1940; family allowances, in 1945; and old age pensions, in 1952. The province of Saskatchewan was the first to initiate state-controlled hospital insurance (in 1947) and health insurance (in 1962). By 1961 and 1971 respectively, both hospital and health insurance had been instituted across the country.

DECLINE ALREADY?

Over these past one hundred years, under different forms and at different speeds, the welfare state has been steadily developing in the western world. It has not yet reached its final stage of development anywhere, but it has been expanding everywhere.

Who, then, could have forecast that doubts would suddenly appear and questions start being asked, not simply about the policies and procedures of the welfare state, but even about certain of the principles upon which it operates? Nevertheless, for a few years now, several books and articles have been published whose titles sound the alarm for the health of the welfare state: *L'État-protecteur en crise,*[2] *La crise de l'État-providence.*[3] *Demain, le capitalisme,*[4] *Le social, c'est fini,*[5] (unofficial English translations of these titles are *The Welfare State in Crisis, The Crisis of the Welfare State, The Welfare State Demystified,* and *Social Development, It's Over.*

What is really happening? It would appear that, suddenly, the welfare state is out of breath. "Could Orwell have been mistaken?" asks a French journalist. Contrary to what the author of *1984* imagined, the "Big Brother" of the western world would seem, rather, to be inclined at this point to relax his heavy surveillance system, lower his arms and say: "I'm sorry, boys, but I can't afford it any longer..."[6]

In fact, the welfare state is presently going through a double-headed crisis: financial and administrative.

FINANCIAL CRISIS

The financial crisis of the welfare state can be explained in two ways: first, by the sluggishness of economic growth, and second, by the revolt of the taxpayer.

1. Sluggishness of Economic Growth

It is generally recognized that the continuous improvement of the welfare of the population depends on economic growth and full employment. Some social observers even contend that prosperity has done more to raise the standard of living for people than all the social measures of income redistribution that, over the years, have been adopted by the welfare states. "More than the pursuit of justice," writes political scientist Georges Burdeau, "affluence is responsible for social progress."[7] Thus, during periods of economic growth, the development of the welfare state took place without pain. As the whole pie was increasing in size, the piece for each citizen became bigger even though the division remained unequal.

Now the state can no longer make both ends meet. It has to manage with less income and more expense. Due to the poor performance of the economy, the state does not collect from industry, commerce, and private citizens the amounts it used to get in taxation. On the other hand, it is having to disburse more and more funds in unemployment insurance benefits and social assistance. In this context of depression, economic growth no longer "lubricates the gears" of the social system as it was wont to do in better times.[8] In order to maintain the welfare state, a real commitment of solidarity across all levels of society would now be needed, together with more audacious mechanisms for income redistribution. Since the pie is not getting bigger but smaller, a new division would reduce disparities if it produced transfers from the wealthier to the poorer.

2. The Revolt of the Taxpayer

But, far from agreeing to a new "social contract," the citizens who pay taxes and thus bear the burden of the welfare state are beginning to balk. Not only do they wail over the payments exacted by the state but they also resort to all sorts of means in order to escape these payments -- undeclared work, domestic production, exchange of goods or services, not to mention numerous tricks to deceive the taxman when filing income tax returns. Furthermore, in 1978 in California a rebellious taxpayer, Howard Jarvis, succeeded in actually getting his taxes reduced through the famous

Proposition 13. The same phenomenon occurred in Massachusetts with Proposition 2½. In the province of Québec, a social movement was initiated recently for the same purpose under the name of "taxaction."

A crucial question must then be asked: What are the limits of "social solidarity?" Have we reached an unbearable level of taxation in the United States and Canada? Of course no standards can be found on this subject, only comparisons. A table published by the Organization for Economic Cooperation and Development (OECD)[9] shows the percentage of public receipts (that is, the total amount of all taxes and social contributions) in relation to the gross national product in member countries for 1976.[10] In the majority of those countries, this percentage was higher than in the United States (29.3 per cent) or in Canada (32.9 per cent). West-Germany and Great-Britain both paid 36.7 per cent; France, 39.4 per cent. Seven countries were above 40 per cent, and two, above 50 per cent. If as a Canadian citizen one appreciates the services provided by the welfare state, should one not accept without grumbling the higher taxes needed to maintain and even expand those services?

In order to shore up the welfare state in those countries where it is faltering, a strong social movement would be necessary. If there are limits to social solidarity, they can only be of a social and cultural nature.[11] Unfortunately, at this moment, the welfare state faces not only a financial crisis but also a crisis of confidence with regards to its administrative methods.

ADMINISTRATIVE CRISIS

The crisis of confidence striking the welfare state bears on two points: its efficacy or effectiveness (does it reach its goals?) and its efficiency (if it reaches its goals, at what cost?)

1. Is the Welfare State Efficacious?

Equality of all, security for all, solidarity among all: Are those objectives of the welfare state realized in any country? Some authors contend that in the so-called welfare state disparity, anxiety, and rivality persist to such an extent that the welfare state is not more just (if not less) than the liberal laisser-faire state.

"All those authors do not deny the deficiencies of the market," writes Pierre Rosanvallon, "but they try to demonstrate that those deficiencies are slighter than those of the state bureaucracy."[12] "The welfare state," remarks French economist Henri Lepage, "as it functions today, is quite often nothing but a huge swindle. Citizens must be made aware of the fact that programs proposed to them under the guise of national solidarity too often result in outcomes entirely different from stated objectives..."[13]

For the distribution of certain services the welfare state resorts to the political instead of the economic market. Whatever the field of application (health, education, housing, town planning, ecology, transportation), the welfare state serves first and best those who can find their way through its bureaucratic maze and who can make good use of political or administrative influences. Thus, lobbying replaces marketing. So much the worse for those who are not affiliated with any pressure group or social movement, or who do not know how to avail themselves of the mass media or public action.

Furthermore, as the welfare state is characterized not only by its programs of social redistribution of income towards needy individuals but also by its economic interventionism (for example, tax deductions or direct subsidies to business corporations in the so-called "soft" sectors), manufacturers and commercial firms join with consumer groups and associations of private citizens in the dance around the state. Who is the winner most of the time? "The government," writes economist Jean-Luc Migué, "becomes an instrument for the promotion of business interests."[14] Income redistribution benefits active and skilful minorities at the expense of the silent and inert majority. Thus, contrary to proclaimed goals, the system often works in the interest of producers instead of consumers.[15]

2. Is the Welfare State Efficient?

When the welfare state does reach its goals, another question must still be considered: Is the cost of services provided by the state competitive with the cost of the same services if they were provided by private enterprise? On that point, certain economists have recently undertaken a severe critique of the welfare state, attacking not so much its philosophical foundations as its bureaucratic inefficiency. In two recently published books,[16] several examples taken from different economic or social sectors are related in order to demonstrate that goods or services produced by the public sector are produced "at excessive cost."[17]

The most astounding example is undoubtedly that of the private firemen.[18] For fire protection, a city in Arizona has turned to a commercial firm of firemen. According to reliable reports, the quality of the service has not been reduced.[19] Studies have demonstrated, however, that the cost of the service, which was $3.78 per citizen with the private firemen, would have been $7.10 with a typical public fire department.[20]

The example of the firemen and several others like it have led author Migué to state a terrifying law of two: "On the average, it would cost about double to produce in the public or parapublic sector any service that could be provided by private enterprise in the free market."[21] Is he exaggerating? It does not greatly matter. Not so much is needed to induce a crisis of confidence....

PERSPECTIVES: FROM THE "LEFT" OR THE "RIGHT"

Paralysed by the economic depression, criticized by both radical leftists who describe it as "the crutch of capitalism" and by radical rightists who describe it as "the ersatz of socialism", the welfare state seems to be in a predicament.

Has it fallen into discredit? Opinions on this subject expressed at a conference organized by the OECD in 1980 varied appreciably. "At the present time, the contention of most people would be that the continuous expansion of the welfare state is neither probable nor desirable," declared a representative from France.[22] A professor from the University of California replied: "The hypothesis on which rely many reports submitted at this conference, according to which the welfare state is presently losing the support of the public, is false."[23]

Whom should we believe? And, above all, what should we do? If the situation is simplified a little roughly, the future of services provided by the welfare state can be forecast from two perspectives: either from the left (still more state intervention, technocratic planning, and political regulation) or from the right (partial return to private enterprise, competition, and "laisser-faire").

The accompanying table entitled "The Crisis of the Welfare State: Perspectives in 1983" presents some solutions that could be proposed for the problems presently facing the welfare state, whether one adopts the perspective of the left or the right. All the points of comparison that appear in this table indeed deserve debate, but only one will be discussed in the conclusion of this paper.

RATIONING

As shown at the bottom of the table, rationing mechanisms are operating in both of the two perspectives.

Rationing does not necessarily imply deprivation. The definition of rationing is allocation of determined and sometimes limited quantities. The etymological origin of rationing is the Latin word *ratio,* meaning "reason" but also "measure." The ideal method of rationing would guarantee to every citizen a fair shake, that is, a just measure of whatever is rationed. Deprivation is due to scarcity.

Some form of rationing has always existed. In the liberal laisser-faire society, the rules of the market result in unplanned rationing, which depends on the capacity and willingness of consumers to pay the prices asked. In the welfare state, political or administrative rules result in planned and organized rationing according to theoretically rational criteria.

A public appeal was made recently in a Montreal newspaper on behalf of the Québec Eye Bank, which had, at that time, only 50 corneas in reserve while more than 1000 persons were waiting for a graft.[24] As corneas are not sold, the allocation - or rationing - must be achieved according to certain medical and/or administrative criteria. Because of the dearth of corneas, several patients are denied a graft, at least temporarily.

Which rationing is easier to accept? That according to the perspectives of the left or of the right? To this question everyone may give one answer or the other, in keeping with his or her ideology but also with common sense. Some people profess an ideology with such devotion that they are ready to tolerate all inconveniences that may derive from it. Others temper their ideology and take into consideration the efficacy and efficiency of a system before passing judgement on it.

In the coming years we will most likely have to suffer a more severe rationing of the services provided by our welfare state. Let us hope that we will not be deprived of those services when they are most acutely needed. If that happened, it would mean that the decline of the welfare state had reached such a stage that new formulas had to be found in order to organize a more just society but one that was also more efficacious and more efficient.

The survival or renewal of the welfare state will depend, of course, on the possibilities of economic recovery but also, and perhaps most significantly, on the strength of the feeling of solidarity among citizens, on the imagination of social planners, and, in the last resort, on the courage of political leaders.

THE CRISIS OF THE WELFARE STATE: PERSPECTIVES IN 1983

Financing	● Higher taxes ● higher social contributions	● deterrent fee for each service ● annual deductible
Coverage	● universal and complete as much as possible	● selective as to persons ● incomplete as to services
Orientation	● unification of all services into a single system under public administration	● transfer of certain risks to the market ● "privatization" of certain services
Evolution of the State	● continuous growth ● technocratization ● bureaucratization ● "enrolment" of citizens	● arrest of growth ● encouragement to volunteer groups ● autonomy of citizens
Role of management experts	● discovery of means to measure production and utilization	● discovery of means to improve competition and productivity
How to improve efficiency	● coercive planning ● regulation ● controls	● voluntary cooperation ● deregulation ● incentives
Means to limit expenses	● to restrict "offer"	● to discourage "demand"
Rationing mechanisms	● bureaucratic rules ● queues, waiting lists	● rules of the market ● individual choices

NOTES

1. For a brief history of the origin of the welfare state, see Pierre Rosanvallon, *La crise de l'État-providence* (Paris: Seuil, 1981).
2. Collaboration. *L'État-protecteur en crise*. Rapport de la Conférence sur les politiques sociales dans les années 80. (Paris: OCDE, 1981).
3. Rosanvallon.
4. Henri Lepage, *Demain, le capitalisme* (Paris: Librairie Générale Française, 1978), Chapitre 4.
5. Michel Vingré, *Le social, c'est fini* (Paris: Collection Autrement, 1980).
6. J. De Kervasdoué, et coll. *La santé rationnée?* (Paris: Ed. Economica, 1981), p. 214.
7. Georges Burdeau, *L'État* (Paris: Seuil, Collection Politique, 1970), p. 160.
8. Rosanvallon, p. 31.
9. The OECD is an association of about 25 industrially developed countries (including countries in Western Europe, Scandinavia, and North America, and Japan and Australia).
10. Rosanvallon, p. 187.
11. Rosanvallon, p. 18.
12. Rosanvallon, p. 61.
13. Lepage, p. 423.
14. J.-Luc Migué, *L'économiste et la chose publique* (Québec: Les Presses de l'Université du Québec, 1979), p. 154.
15. Lepage, p. 234, and Migué, p. 167.
16. Lepage and Migué.
17. Migué, p. 233.
18. Lepage, p. 277, and Migué, p. 181.
19. Lepage, p. 278.
20. Migué, p. 181.
21. Migué, p. 184.
22. Collaboration, p. 175.
23. Collaboration, p. 219.
24. *Perspectives*, 24, No. 5, Jan. 30, 1982, p. 12.

Body Knowledge
or
“The Body: Home of a new learning experience, energy-saving and creativity”

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I have decided to call my talk today "Body Knowledge" or "The Body: Home of a new learning experience". The theme of this conference is "Social Policy in Canada: Destruction or Rebirth". Let me put it to you this way: if there is destruction or annihilation there will be destruction of the body, and our soul is not exactly in a position to do very much without it. In other words, we must be there in the flesh, body and soul, if we are to realize any social policy whatsoever. By the same token, if there is no rebirth, if our body cannot perform to its potential, we will lack the creativity to formulate a workable social policy. I propose to expand on this idea tonight.

I am not going to thumb my nose at the broad spectrum of knowledge acquired, particularly in the West, through development of the intellect, nor do I wish to renounce all scientific and rational traditions as they have come down to us through the media of our present academic and university systems, even where such development may lead to our destruction. Following in such a tradition, the problem has already been resolved: from a scientific point of view, we know exactly how to proceed to destroy our planet. But I should like to add to these traditions some other food for thought, pointers from my own experience in research and from my own personal renewal over the past ten years.

First of all, I would like to draw attention to something you have certainly all noticed, namely that modern-day science has given us so many instruments of great precision and objectivity that we rely on them extensively for almost everything. We listen to the radio or watch television to know what the temperature is, instead of going outside and feeling whether it is hot or cold. Our children look for the right button to push to make the current flow or to find the solution to such and such a math problem. Our personal, corporeal experience as individuals is being ever more finely filtered through a range of increasingly sophisticated instruments - microscopes, computers, etc.. - that we have reached the point where we scarcely dare trust our bodies, our senses, for fear of making a mistake. It should be noted that, in many instances (and this holds true more and more frequently), we are *right* to treat them as suspect. We need only to observe the imperceptible and insidious effects of radiation on the human body to understand what I am trying to say. We have lost the habit of listening to our bodies, of using them as feelers, moreover, we dare not trust them entirely for fear of destroying them or of seeing them destroyed by our own civilization.

Alongside this apprehension of reality through a wall of instruments, there has been a parallel development during the last two decades, especially over the last five to ten years,a new thought process, a new mentality, a whole new movement, which sees and employs the body as a means to knowledge and innovation, a primary source of healing and of preventing illness, a fountainhead of well-being. This movement is to be found both at the heart of the population as a whole and at the heart of certain disciplines. These disciplines are ones which, for the most part, have had their being outside the conventional institutes of learning, such as social work schools, departments of psychology, medicine, psychiatry, education, career counseling, etc... I am alluding to such corporeal approaches as Lomi, Feldenkrais, Alexander, Rolfing, bioenergy, biofeedback, Arica, deep tissue massage, etc... These methods all have one thing in common: their starting point is the body, and they use it as a source of knowledge and awareness, in order to teach the brain new pathways. They help revitalize the body by viewing it as a whole, each part integral to the whole, rather than as a *mechanical* assembly of individual parts, such as western science and medicine has accustomed us to regard it. Such corporeal approaches are not any the less precise or "scientific" just because they take a different approach. They have their own syntax, which is clearly not linear. They generate their own language or concepts on the basis of their own experiences. They are part of a domain which I call *arational.* This has nothing to do with being irrational, even though they do not proceed in the conventional, rational tradition. Some other states belonging in the same category are: imagination, revery or day-dreaming, deep-sleep dreaming, emotion and feeling.

Last week, I was walking through a Montréal park, when I saw a dozen or so youngsters practising "Tai Chi", a body experience as old as the hills, although new to the West. This phenomenon is in the process of permitting thousands of people to listen to their bodies and to then use this new knowledge to, as Moshe Feldenkrais put it, "teach the body to program the mind". Recently, Monday last week in fact, at the United Nations, Helmut Schmidt told the world that the antinuclear demonstration in New York was an important indicator which should not be ignored. Many of those attending this demonstration were, as I see it, not listening purely to their reason. Indeed what kind of impact could such a demonstration possibly hope to have in the face of the millions of dollars invested in armaments, and all that this represents? They were also listening to what current jargon calls their "vibes" (doing their thing); it was their arational faculties which led them, one by one, to the heart of New York. Their gesture may well have no impact, but individuals of all ages, listening to their bodies, their sense of life, went there because they had something to say, to say something to their children, without preaching, without even really believing that their gesture would be of any effect. This is the same way that awareness is developed.

I should like to add a further idea: to listen to one's body is to develop an ability for self-treatment, as witnessed by Norman Cousins in his work "Anatomy of an Illness". It is also preventive medicine. It is, at a time when people are living longer, a way to counter costs incurred through illness, and the obligation incumbent upon society to bear the staggering financial burden of equipping its hospitals or expanding modern medicine in the tried and true tradition of the West - discovery through logic. As you know, diseases such as cancer are subject to remission, under the Simonton way. This professional way or methodology which draws on imagery and visualisation of the body, is not expensive and gets results. Incidentally, the Simonton's work in close collaboration with radiologists. None of the experiences I have mentioned are really anything new. They are rooted in knowledge acquired over thousands of years, based on a subjective scientific tradition practiced by a minority in the Orient. What the 20th Century has done is to find ways for larger numbers of people to access this knowledge in the West. Let me repeat: this field or knowledge is not conquered by the same means as one acquires knowledge at university or in the academic field. This new form of knowledge marches ahead side by side with institutional learning. Thousands of people, professionals including physicians like Joy, and non-professionals alike, are going through this learning experience. The designers of social policy in Canada - and around the world - cannot afford to ignore this movement, whether in terms of housing, health, social services, income security, or citizen involvement and social planning. Although in your Preliminary Program you say that there is an economic recession, high interest rates and record unemployment, and that the government is retreating from commitments in the areas of health, housing and social services, and that there is cause to fear an erosion of social stability, I personally believe that we in Canada - and elsewhere in the world - are witnessing the emergence of a sense of individual responsibility concentrated on the inner self, in conjunction with a demand for new collective ties, which give a new sense to collective living, and that such happenings will very probably accelerate such growth.

I am among those who believe that our civilization has reached a "turning point" - which is the title of the physicist Fritzof Capra's latest volume - and that, along with the physical and biological universe, we too of the social milieu are captives of the language of another era, a mechanistic language, which decorticates everything to perfection, but which prevents us from reading, seeing, understanding and feeling the social phenomenon of our times and from putting them into perspective. Over the weekend, I learned that Einstein's discovery of the theory of relativity was kinesthetic, that is to say, as his body was in full motion, he was using his arational faculties, of which I spoke earlier. This is probably a new sign of the times ahead, and one which Canadian social policy should encourage.

You may find a paradox in what I am saying, you may even find it incomprehensible, but this kind of knowledge is primarily existential and can only be absorbed slowly. It is not just something to be swallowed like a pill, it is not a fast-acting injection. There is no miracle cure, such as we observe with modern drugs. The body is able to transform itself only slowly, but when the first step has been taken, the path can be seen stretching ahead. This type of knowledge is absorbed primarily in one's innermost self and through people who have already found such knowledge. It is an experience which must be lived to be communicated; even this is difficult, for the languages with which we are familiar are frequently inadequate - as with nuclear physics and other disciplines in their early stages. It is possible to know that a knowledge exists, while still not understanding it. Suppose I were to try to explain the movies to you, for example, when you had never seen a film; I would need to show you some before you could really understand or grasp what was happening. Only then could we discuss it. The same applies to what I have been talking about.

Before closing, I should like to leave with you one other idea: that studies conducted on men - and here I am speaking of the human male - are starting to indicate that we are the architets, quasi biologically, of our own aging, as a function of the self-image we project quite early on in our existence. Western science has not yet uncovered all the mysteries of the human body, but I think we are able to find there answers to many of our problems, whether social, economic or technological. Canada's social policies should take them into consideration very specifically.

How can such policies start to take them into consideration right now? Firstly, by recognizing the existence of the methods or approaches of which I have been speaking, and by making it possible for practising professionals to function in an atmosphere where they are made welcome. The Lowens, the Feldenkraises, the Rolfs, the Alexanders, the Markovas, the Rubenfelds, the Simontons, the Bertheras, the Mézières' and many other professionals have proven their worth abundantly. They are not sorcerers' apprentices. The Simontons have worked successfully with radiologists in their field. Is there any reason why we should not develop similar working relationships in ours? Particularly when we know that a cancer patient who wishes to benefit from such new methods does not have the strength to fight those elements of the medical apparatus who frequently oppose such uncharted waters, through ignorance or sheer fear of the unknown.

Again, how can these things be taken into consideration? By having those agencies supporting research projects or encouraging action projects in areas as diverse as education, architecture, business, leisure activities, health, politics, etc.., practise and open policy towards those who wish to learn and understand more about these new disciplines. This means that we need a social policy which is not only abreast of changing mentalities around the world, but one which also offers its support and a willing ear to members of the Canadian population participating in such changes.

Given the facts appearing in a 1982 CROP Report, that 84% of Canadians feel chiropracters should have the right to visit their patients in hospital, if the patient so wishes, and that 78% of Canadians agreed that, in certain instances, chiropratic treatment has helped patients when drugs and surgery could provide no relief, how should we react? I could cite other figures, showing that there is a growing tendency among Canadians to watch the kind and amount of food they eat, to exercise regularly each week, to smoke lighter cigarettes, etc... The Canadian population seems to be doing its bit to take greater care of the human body. It even appears to be prepared to consider recourse, under certain circumstances, to a new discipline - chiropratic. How do the designers of future Canadian social policy propose to act in the face of such considerations?

To make sure that you have understood at least the principal elements of what I have been trying to say, let me just summarize:

1) I think it is important that the West find a new approach to *complement* its scientific rationale;
2) This new approach, which I - among others - call arational, has its source in practical human experience at the corporeal level;
3) Any Canadian social policy should take this reality into consideration and, moreover, encourage its potential;
4) The Canadian population, as far as I can see, has already opened itself to certain elements of this reality;
5) The social and economic difficulties which we are presently experiencing in Canada (and around the world) - and I say this without for a moment suggesting that Canada should abandon its present forms of social assistance to its people - will accelerate personal renewal which, relying on inner self, will profoundly change our social, economic, biological and technological ways of life.

"Socio-cultural Change in Europe: a Challenge for the Welfare State"

ALAIN DE VULPIAN
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I would like to bring a European perspective about a few new ideas on the current topic of social change, because I feel it can be explored more thoroughly.

My talk will focus upon three ideas: the first one is that you are not the only people preoccupied with the future of the welfare state. Europeans have underscored the development of the welfare state; we are forever asking questions and the public is challenging its legitimacy. We are presently going through an extremely serious crisis in that area.

I would like to examine a second main idea: institutions as well as organizations are living phenomena; they have thus evolved in a given society at a given moment because they have found a comfortable niche in a specific ecosystem; they are effectively threatened whenever that ecosystem or that environment changes. Some institutions or organizations will adapt, change or find a new place; others will be incapable of doing so and will disappear, thus making space for new forms of organization.

The third idea examines the fact that Europe, as well as Canada, is undergoing a significant change of environment. We are very conscious of current economic changes which were examined at length. We are also conscious of current technological changes which will have a major importance: micro-computers, telidon, biology techniques, etc. However, we are less conscious of the significance of societal and sociological changes which presently mesh with economic and technological changes.

I will mostly deal with societal changes I am familiar with, which were not discussed. Such changes represent a considerable challenge for social action and for the welfare state. Humankind has difficulty in adjusting to change which surprises every one of us; we do not spontaneously perceive change! Natural selection has not given our species the capacity to perceive change when it occurs.

Psychologists say (though there is no unanimous consensus) that we do not see what *is*, but rather what we *feel should be*. Humans perceive more readily that which confirms their preconceived notions, rather than what differs from such notions; in other words, we see more easily familiar objects rather than what is radically new. Thus, we are driving our car while looking through the rear view mirror, instead of looking ahead at the roadway, which is not very practical at high speed!

Our mindset does not allow us to notice change even when it is evident! However, change is so obvious sometimes that we *must* take notice. For instance, during the spring of 1968, totally a typical and unforeseen revolutionary phenomena occurred in the streets of Paris and on some American campuses; those "revolutions without a cause" or without ideology are very important and quite surprising. "No to change": the public's reaction, and our own, is the following: when will we come back to normal? In other words, the "norm" constitutes our mental prejudice.

Situations which are too different are simply not "normal" and do not represent a change: we wait for normalcy to return.

The same thing occurred in 1973 during the oil crisis: when will we return to normal? Well, normalcy simply did not return after 1968, nor after 1973! Definitive changes had occurred; instead of perceiving signs of change and trying to understand them, we waited for a return to normalcy; only later did reality sink in, so to speak, after a few years' delay. That aptitude to negate change during our history has, however, been extremely useful.

During the entire course of human history, societies have effectively changed, but not over the lifetime of one individual; a person lived and died in a society which resembled, by its social, economic and emotional structure, the society in which that person had been born. I said "emotional structure"; even hatred, friendship and hostility were inherited from generation to generation within the same family: the Capulets and the Montegus adopted the same positions from generation to generation! We can see that the capacity to ignore change has helped us. Minor changes which could have modified society disappeared altogether, and society remained stable.

Today, however, our society evolves much more rapidly; over the last few centuries, that movement seems to have considerably quickened its pace. I was born in 1929, in a society which valued suffering and sacrifice. It was a rural society in which horses used to till the fields at the beginning of the 20th century. In 1960, I was working during the heyday of the consumer society; I had to admit that I was living in a society which was *radically* different from the one in which I was born, and I had to adjust. When I now consider information produced by our various "observatories", I know that I am living in a society which is markedly different from that of 1960. In other words, even if I die shortly, I will have lived in three profoundly distinct societies, with a different set of values and of social relationships.

That capacity to ignore change becomes cumbersome when it prevents one from adjusting. Because we are unable to spontaneously perceive change when it occurs, we must try harder. We are intelligent and capable of systematic observation; let us then make a series of systematic observations about change! That process has begun, but because of an inherent characteristic of our civilization, we have mostly gathered quantitative data over the last forty years. We are attached to such quantitative data and have measured the evolution of economy and of demography; we have created specialized institutes, while ignoring the analysis of qualitative changes which are just as important as the former; human change, evolution of interpersonal relationships, and differing values, motivations and emotions; we have neglected that aspect because it is more difficult to measure. During the last 10 or 15 years, teams of specialists have begun to examine socio-cultural change and to measure social change.

My colleagues and myself were the first to set up such an observation system in France. M[illegible] Gullovich did the same in the United States; other people followed suit so that observatories of social change were set up in fifteen countries, that is to say nearly all European countries, the United States, Brazil, Argentina, Japan and South Africa; we are trying to set up such an institute in Canada. The work done by our European establishments will help me describe current change.

The methods used to note such changes are many. We use historical techniques such as analyses of documents and periodical surveys in all countries we work in; every day, we carry out at least one major survey comprising quantitative indicators; we meet with individuals who are "change leaders"; we also write monographs of families and businesses linked with change; applied sociology, ethnography and applied ethnology allow us to periodically observe changes which are perceived in our societies.

What do we see? There now exists an important societal and sociocultural change which affects our values, our mentalities, our emotions, motivations, aspirations as well as our personalities; such a change also affects our mores, our lifestyles and our common imagery: every culture or civilization has a number of major representations which are shared by all; such imagery changes, as well as the informal structures. However, formal structures, which are set up by the powers that be, by law, institutions, charters, organizational charts, such formal structures do not change as quickly as the first group; the true structure of relationships within groups,families, businesses and associations changes quite rapidly.

We first notice chaos and diversity; the human mind can thereafter organize its elements. That chaos covers currents and major patterns. Change appears to be relatively autonomous and independent; it has long been thought that changes in values were directly dependent upon technology or the economy.

However, the reverse is true. That change has an importance and an autonomy which is linked to economic and technological changes. Within a given system, both sets of factors bear a systemic relationship to one another, but we cannot say that societal change proceeds from other changes because it is simultaneously a cause and a consequence of such changes. It also has a spontaneous character; such change has not been organized by the powers that be nor decided by specific organizations; change occurs in a society at a given moment and is imposed upon the powers that be (governments, political parties, businesses) which must all allow for it.

I would like to explain my thoughts further by using one or two examples. The first currents which were observed in France occurred in 1954. The first was called "hedonism" and the other the growth of the status motivation.

The society in which I was born valued suffering and sacrifice. A woman would toil in her kitchen near the oven or do other housework for her husband and children; such suffering was believed to be gratifying; the housewife believed that suffering was desirable! That society told children in a way: "I am inflicting pain upon you because it is good for you; I am beating you because it is good for your character; I am forcing you to eat your soup because it will develop your personality." In 1954, we observed that pain was not "good" any more, yet this movement was not evident; pleasure was the new motto; guilt feelings disappeared; we did not dare force soup upon the baby, but rather we were to give it the food it loved and would assimilate better; he/she would not thus be traumatized. The axiom had been totally reversed. We had shifted from a society which valued pain to one which valued pleasure; that important fact became universal. It is one of the vectors of the consumer society.

Then came social status. Everyone had to show others that they had money, a beautiful car, a fine house and the following motivation struck all of us: keeping up with the Jones. That change became more prevalent in Europe between 1950-55, then spread through all levels of society. Where are we now?

In 1982, we know that hedonism is prevalent; it has not significantly progressed because everyone has been influenced by hedonism; that factor is interesting to note because its qualitative content tends to change. In the 50's or 60's, hedonism was a negative factor: let us escape from pain and from duty; now, however, its connotation has become positive. We have become "gourmets" of hedonism by developing a remarkable capacity for enjoyment; that has become nearly obligatory and the study of that movement proves interesting.

In 1970, important changes affected social status; a reversal occurred and social status lost the importance it had gained; people became slightly ashamed of acting because of social status; that factor diminished while other motivations became dominant.

Such were the important currents of the 1950's, one of which still exists vigorously today. When did they begin to become popular in our societies? We wondered about that and tried to study the case of pre-war Europe.

That current can be traced to the first post-war era. Here is an example: "Lady Chatterley's Lover", by D.H. Lawrence. The book is set in England and France around 1920. The author describes a trip made by Lady Chatterley in France, specifically to Deauville. D.H. Lawrence, a clever observer, describes the bizarre behaviour of the French of Deauville who waved banknotes. The author was surprised because he had not yet observed that type of behavior clearly in England and describes it as would an ethologist or an anthropologist; he thus describes the beginning of the spread of social status as a motivation in French society.

That current began to spread in 1920, had a very profound influence on our society in 1960 and still remains interesting in 1980-82. Some currents seem to influence the evolution of our societies during 30 or 50 years. An entire series of trends effectively began to spread in Europe in the 1920's. We adjusted well to them and our reactions were positive. Our society channeled such trends and built structures with them. Finally, we have created on one hand the consumer society, and on the other, the "safe society" or the welfare state.

A seemingly satisfactory balance occurred in 1960, then other trends began to be visible in Europe around 1960-65: we have not yet adjusted to such trends. They still constitute a challenge for us and I would presently like to examine that question.

A very striking thing happened when we analyzed changes in various European countries. Our observations were first done on a national basis; we then began to make systematic comparisons between a given number of administrations and businesses which have a foothold in Europe.

The situation of European countries is quite different from one to the next; thus Italy is different from Sweden but both countries are evolving in the same way. We usually identify 30 or 40 trends per country; on a European scale, we have identified 23 common trends in the whole of Europe. In a few years, when that comparison also comprises the U.S. and Canada, we will probably notice several common features.

The first trend is called personal expression. The motivation based upon personal expression is very important in our society. In fact, it is becoming dominant for an increasing number of our citizens. They want to express themselves by their behaviour and are seeking self-fulfilment by stressing their differences; that fact is extremely important as it contradicts the former predominant behaviour.

At that time, many persons would try to imitate others and to "fit into the mold"; they wanted more than personal self-fulfilment, self-expression and personal differences; in effect, they were looking for the approval of others, thus tried to behave like others. At that time, we all tried to follow a given model of "ideal" behaviour.

Here we have a very considerable evolution of the collective motivation. Our figures confirm that aspect of Abraham Aslow's theory, namely that the dominant motivation based upon personal expression becomes more important than a need for security or a need for approval. In most European countries, 30 to 40% of the population is already strongly influenced by that type of evolution. In ten years, that percentage has grown from 20-30% to 30-40%: that is a remarkable evolution! If, in a given country, 30% of the population is strongly affected by that current, we note that it is the case for 60% of the youth and 50% of the white-collar workers.

However, over the last 7 or 8 years, that current has progressed very rapidly amongst European workers. Of all trends observed, it is the most common and significant trend for the last 10 or 15 years in all of Europe. This means that our citizens are becoming more different. The possibility of establishing several main categories is vanishing. We note that people are progressively more different and are specifically trying to establish that difference. We are now unable to segment the population in a few general categories such as workers, employees, peasants and bourgeois.

Our mental picture must become much more subtle, complex and variable because people are becoming more and more versatile. One does not simply express one's personality, but also one's moods. Now I am sad; tomorrow I shall be happy, but in any case I am expressing my feelings. We now increasingly change at every moment. At one point, consumers were faithful to a given brand or to a given retail outlet: that trend is now disappearing. We either were consumers or not: we are now part-time consumers.

Even the model of our change of habits itself changes rather quickly. In the year 1900, workers dressed and behaved as workers should. The same applied to the bourgeoisie, to the peasants with certain regional differences. In 1930 or in 1960, the workers and the peasants tried to imitate the bourgeois, but it is not the case today. Rather, we are now witnessing an explosion which is happening in several directions simultaneously. The bourgeoisie does not necessarily herald that complex movement.

Here is a second fundamental and important trend: the decline of hierarchical and formal authority. In the old days, our models came from above, that is to say, the moneyed class, the powerful or the elders. We now try to find our models elsewhere whether at our level or at another one. For the longest time we have not dressed as nobles, but rather as peasants. People wear jeans and cords. Children used to copy their parents, but not quite as much at present. However, parents have begun to copy their children, and several types of behaviour are massively adopted precisely because parents imitate their young ones.

Authoritarian advertising used to be very effective. For instance, a doctor would say: drink this potion. That formula does not work any more and the media knows it quite well. In all organizations, businesses and associations, several types of leadership are now competing; one of them is losing its effectiveness, and it is authoritarian leadership linked to title and status: we must obey because the leader is in a position to give orders.

Other types of leadership are becoming increasingly important: leadership based upon confidence, competence or "intrasapience": some people know which order can be given and followed. Humankind has leaders who have a charismatic instinct. We then have a "cybernetic" type of leadership which characterizes the power of a person who knows how to use communications channels at the right moment to transmit useful information, and who can send messages to the right party at the right time in order to effect real systematic change. Those types of leadership are now becoming increasingly important.

Our informal structures are presently changing without our knowledge. The pyramid-shaped structures which were dominant yesteryear are now crumbling. Take the case of the family. In Europe 30 years ago, the informal structure of families was shaped like a pyramid, with an apex and a base. At its top was the father, the children were below and the mother was stuck somewhere in the middle. That model is now outdated. To be sure, some fathers retain their influence because they are attentive, because they receive feedback from other parts of the system. In other words, the structure has become cybernetic.

A similar situation affects business. Take fashion for instance; it is a major informal system which has become radically transformed over the last 30 years. At that time, it was a pyramid-type system; at its apex were a handful of well-known Parisian couturiers and two magazines, Vogue and Elle. Ten or twenty fashion leaders decided what was fashionable and their dictates would trickle down towards the great masses; at the base of the pyramid were a small group of women who followed fashion blindly. Things have changed today, we do not know what is above and what is below. The major couturiers, of course, retain a measure of influence because they see what is happening in the street. Fashion is created at several levels, on the street, by women, and also "above": we are not now dealing with a pyramid.

We are witnessing a major revolution. We have all grown up with the following axiom: if A is greater than B, and if B is greater than C, therefore A is greater than C. That is a fundamental hierarchical tenet; we are now living in a world where circular relationships are becoming more important. It is a bit like the game of the rock, the scissors and the sheet of paper. The scissors are stronger than the sheet of paper because it can be cut; the paper wins over the rock because it can be enfolded, but on the other hand, the rock wins over the scissors because they hit it and break. Now there is no fixed hierarchy, but rather a loop; that model is increasingly important in our new society.

A third basic trend has been called "polysensualism" and was described for the first time by Marshall McCluhan the Canadian sociologist, who found that we are now shifting from a "visual society" to another one where additional faculties are also used. Traditionally, children have learned visual skills: writing and reading were taught analytically by way of the alphabet. Such was the only valid effort, while other faculties were neglected (smell, taste, touch) because they were slightly revolting; they were "animal senses". Those major sins were prohibited. Hearing was tolerated only because of music; that is different from teaching the sounds of the forest, where distinguishing between two noises is absolutely vital because one denotes the arrival of a friend and the other heralds the presence of a wild beast; our culture has traditionally stopped at music.

That trend comprises two factors: it underscores the importance of total sensuality; we have now discovered the existence of a new faculty which covers the body as a whole; it is the kinesthetic faculty through which the entire body can be felt, its position and its organs. The other aspect covers emotions at the expense of pure intellect, rationality, ideology, etc.

Here is another major evolution, the movement towards cellular division and conviviality. 20 or 30 years ago, most people were remarkably identified to abstract groups; one felt English or French, catholic or proletarian; this produced a warm personal feeling. Such a real identification is now becoming less frequent. We do not feel proletarian, but rather linked to our working-place friends; one does not feel French any more, rather linked to specific people. This is a major sociological phenomenon which signifies that out reference groups and our social groups are becoming more limited.

Our collective structure has profoundly changed and is now becoming a fine-link web. The family is becoming more important, as well as small associations, local activities, and self-help groups. That is evident with respect to individual protection against violence in several countries: instead of behaving as they would have 20 years ago and of calling the police, people phone their neighbors and buy guns: they tell one another: if you see something, just tell me and we will come in the street. It is a kind of self-service for a very small group. That is how our society organizes itself spontaneously.

Contrary to other types of evolution, the present one is not constant throughout Europe, but is rather more pronounced in some countries than others. It is less visible in Germany, but more so in France, England and Italy. This other type of evolution leans towards narcissism rather than going towards the cell or the convivial society; it is important that our countries should know if we are going towards a fine-webbed net, that is to say, towards narcissistic reactions or the lone individual.

Uncertainty constitutes another recent type of evolution. The idea of uncertainty is becoming predominant within European society. That is due to several phenomena, including our concept of nature, which many sociologists have called the paradigm of nature; Edgard Morin used this expression in his book entitled "Le paradigme perdu, la nature humaine": our concept of human nature is changing radically, probably because of the growth of scientific research. The concept of man and nature projected by science reaches the public after a few decades through the intelligentsia, newspapers and books.

Each civilization has its paradigm of man and nature. That of the Middle Ages was centered upon God and the Devil. During the 18th, 19th and at the beginning of the 20th century, the current paradigm was that of the clock, centered upon the theories of Descartes and Newton: the world was perceived as a clock with predictable trajectories, which could be known and dominated by the human mind: such is the world of determinism, causality and prediction. Thereafter, biology became the dominant science, under the influence of the law of relativity, of the principle of uncertainty, of cybernetics and of systemic analysis; the entire system becomes dominant rather than causal factors.

Our idea of the future has considerably evolved during the last 20 or 30 years. 30 years ago in Europe, we shared a rosy view of the future; progress was at hand, we would become wealthier, thus we would become happier. It is evident that we do not share that view of the future which is neither black, nor catastrophic. Uncertainty reigns. The future looks neither good nor bad: it all depends on us. At the present time, a characteristic phenomenon is occurring: the European population is adjusting to the idea of uncertainty. It is an era of new realism: people have learned to limit their desires and their ambitions; the psychology of "I have a right to" is presently regressing. In an increasingly difficult world, people think that it is best to become self-sufficient. We now see the growth of self-sufficiency, of competition, of risk-taking; that constitutes an important change.

Those phenomena taken together represent quite a modification; should we harbour conservative feelings, we might believe that our society is threatened and that all social controls are disappearing. No more cohesion, no more authority, all will collapse! That aspect exists, but a new fabric is being woven, made of relationships which are non-hierarchical, yet ordered and self-regulating; individuals and small groups indeed possess more autonomy, but this social order is just as coherent as the former. The new social fabric is infinitely more complex than the old one; we have evolved from a "bunker" type of structure to one which resembles the human brain.

It is quite evident that the structure of the brain is infinitely more complex than the pyramidal and hierarchical structure of the bunker. The consumer society and the security society which are massive, bureaucratic and planned, are ill-adjusted to cope with that type of evolution. The inertia of sociology and of bureaucracy is that our institutions have evolved less rapidly than the socio-cultural pattern which I have described earlier; this unbalance constitutes without a doubt a dominant characteristic of contemporary society which explains its turbulence: crime is prevalent, governments do not know how to govern, lead or solve problems: everywhere, governments are changing. A given country is led by a right-wing government for many years; it falls and a left-wing government replaces the first one, and vice-versa. Our major institutions are not adjusted to such phenomena; "small is beautiful" constitutes only one of their working principles.

Centralized power is criticized everywhere in Europe, whereas local power is increasingly valued. Conventional T.V. stations are losing their audience, but not so channeled T.V., because viewers can make important choices; major T.V. stations are slowing down as well as national newspapers and generalized periodicals, whereas specialized magazines dealing with rugby, tennis, fishing are becoming increasingly popular. The major media are losing ground with respect to local media which are better adjusted to the current evolution.

The same trend affects business and the workplace; major businesses are losing their importance (at least in public opinion), while small ones are growing. Big business offers work which is a precious commodity, but such work does not correspond to the expectations of the workers, because it was conceived in quite another society based upon security, salary and status; as we know, current trends go in a totally different direction. Big business has not invented new types of work which would satisfy most workers who share a new set of values. The big companies make products which do not satisfy the needs for personalization and personal expression on the part of the consumers.

That phenomenon does not, however, unleash a wave of protest, but rather a quiet desertion. The public does not care any more; people are leaving, are "dropping out" of mainstream society to re-enter private life, their informal family whose limits are unclear: networking, self-defense systems, trade, illicit work and tax evasion. So-called "illicit work" began to develop 10 years ago in order to escape the taxman: today it is in progression because that given situation is a better arrangement than work in a big enterprise.

In addition, the strategies, policies and methods of government and big business are increasingly ill-adapted to the new values and to the new complexity. They were conceived to apply in a society which was much simpler than ours. Here we have an opposition between two types of means: stable segmentations and increasingly fine and moving divisions: authority and consensus; centralization and polycentrism; specialization and universality; simplified compartmentalization on the one hand, and on the other, systemic complexity; bureaucracy and the integration of spontaneity; planning vs strategy and experimentation; rigidity and flexibility. Insatisfaction and inefficiency are thus produced. That is why the powers that be are losing control; for instance, our governments are incapable of controlling unemployment, inflation and violence; modern society, so far is ungovernable.

Social work, 1945-style, has not adapted to those evolutions. The economic crisis complements the social crisis with the result that social action, such as the welfare state, now faces opposition. For instance, let us take the case of social action which is also bureaucratic, centralized and public; it does not know how to adjust to that evolution. In order ro regain its efficiency, it must invent new ways of coping with what is quickly becoming a new society.

Let us take the case of unions which forced a remarkable social evolution in Europe. In their present condition, i.e. large centralized machines, unions are now losing ground. Their support is diminishing and their image is tarnished in all public opinions. In 1977, 65% of the French population felt distant from major unions; that figure was 65% in 1977, 68% in 1978, 71% in 1979 and 72% in 1980. Will that situation endure? That is another matter.

All in all, I think the dinosaur comes to mind. The dinosaur disappeared because its nervous system did not account for change. We are living in a situation where we see several dinosaurs; they are specific organizations and social systems; other institutions will find a way to survive.

Where then are we going? I cannot say, because the future is unfathomable. For the longest time, we believed that the future was unpredictable because of a lack of information; we now know that the future is unpredictable because it simply cannot be chartered by rational methods. In this line of thought, the work of a chemist named Crigogine, winner of the Nobel prize in 1977, is extremely interesting. He showed that for living systems, or "dissipative systems", the trajectory concept does *not* apply; in other words, one simply cannot predict the future of those systems; one can, however, predict patterns of growth without being able to pinpoint specific junctions.

The notion of junctions is interesting and allows us to abandon the idea of predictions while retaining that of the scenario. One such scenario describes the new orientation taken by the changes of social fabric as a structure which is analogous to that of the brain, where nothing commands to nothing, where everything commands to everything, with loops every which way; another scenario is that of cybernetic power, where specific elements may become more important than others. That scenario means social action becomes radically different from what we know now. It also means that socialized social security systems will be replaced by decentralized ones. Another possible scenario is the one which predicts new turbulence. It means effectively disorder and the loss of the welfare state. We can carry on for a while yet without solving major problems.

Finally, another scenario leads to despotism. The present situation or our society could well lead to despotic reactions. A strong central state could control populations and would then require a centralized social action which would also be public and authoritarian. The crisis is omnipresent in countries which have extensively developed the welfare state, such as Sweden. That country is undergoing a major conscience and legitimacy crisis. In Norway, however, there is no such economic crisis and people are comfortable; yet there is still a crisis.

The concept of destruction or rebirth proved to be extremely interesting. I wonder if we could not say "destruction *and* rebirth"; destruction heralds the rebirth of social action.

The Costs of Children

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INTRODUCTION

How much does it cost, in economic terms, to care for a child of a particular age? The answer to this important question has implications for the development of social support, social security, and income maintenance programs. Programs that set inadequate rates for meeting the minimal economic needs of children in different age groups are a particularly important cause of child poverty.[1]

The issue is not whether child poverty exists in Canada and elsewhere. Estimates published in 1982 by the National Council of Welfare showed that some 10 per cent of all families in Canada — about 600,000 in a total population of 6 million families — were living at or below the low income or poverty line established by Statistics Canada.

For a family of four, consisting of two adults and two children aged 4 and 7, Statistics Canada would allow an average annual income of $14,601 across rural and urban areas. Using other measures, the Canadian Council on Social Development (CCSD) would allow $16,000 for such a family, and the Senate Committee on Poverty, $17,920.[2]

The means of determining these figures is relatively unsophisticated in comparison with American and European methods.[3] The Statistics Canada scale is based upon raw expenditure data and estimates of the point at which families of a particular size spend at least 62 per cent of their income on life essentials, that is, food, clothing, and housing.[4] The CCSD poverty line is more generous than that of Statistics Canada and is based on an estimate of 50 per cent of the average income, but it does not differentiate by age or sex of children.[5] The equally simplistic Senate Committee scale allegedly blends "elements from both the Statistics Canada and CCSD poverty lines." Like the CCSD, it also allows a 20 per cent cost supplement (relative to the costs of an adult couple) for each child, regardless of age. These arbitrary ratios have remained unchanged for over a decade.[6]

The "poor Canadians" category, however identified, contains a disproportionate number of single mothers with children. The greater the number of children in a family, the greater the risk of poverty.[7] Substantial numbers of children in Canada grow up in circumstances of poverty. In regional terms, the incidence of poverty is greatest in Québec and the Atlantic region and lowest in Ontario and British Columbia. In 1980 11 per cent of families in the relatively prosperous Prairie region were living below the Statistics Canada poverty line.[8]

In Alberta where maximum social assistance rates are significantly below the Statistics Canada low income level, slightly more that 40 per cent of those receiving financial assistance have dependent children; and most of these are single parents.[9] Additional evidence would suggest that extreme poverty, which is hardly relieved by social assistance, places great stress on families and is a significant cause of child abuse, family break-up, and the surrender of children to protection authorities. Continued poverty for one or both parents progressively hinders the return of a child to his or her family.[10]

In Alberta in 1982 the maximum long-term assistance rate for food, clothing, rent, fuel, utilities, in addition to personal and household allowances, for an adult couple and two children (aged four and seven) was $1,013 a month, or $12,156 a year.[11] We will recall that Canada estimated the average minimum income needed to keep such a family from poverty in 1982 to be $14,601 a year or $16,065 in large western cities; the CCSD, $16,000; and the Senate Committee $17,920. Even we dismiss the CCSD and Senate Committee poverty lines as political proposals rather than reflectors of economic reality, it nevertheless remains clear that in Alberta (as in most other Canadian provinces), maximum social allowances are significantly below the Statistics Canada poverty line.

BRITISH AND INTERNATIONAL COMPARISONS: THE COSTS OF CHILDREN

In 1980 Thomas Espenshade estimated that, at current prices, the cost of maintaining and caring for a child from birth to the age of 18 exceeded $100,000 (U.S.) in a low-income family and $140,000 (U.S.) in a middle-income family. These estimates include a basic cost of $85,000 and an "opportunity cost" —— the income a parent forgoes by staying at home to care for the children.[12] The United Nations International Children's Fund (UNICEF), offering a different perspective, estimated that the average cost of keeping a child alive in the world's poorest countries in Africa and Asia was about $100 a year. Despite the paucity of this sum in comparisa with the amount of money "needed" for North American children, 17 million Third World children were denied this basic expenditure and died before the age of 5.[13] While the estimated costs of maintaining a North American child at an average standard from birth to age 18 is $85,000 the average sum spent on a child in South Asia during the same period is less than $5,000. These comparative perspectives may remind us that even very poor North Americans are much wealthier than average families in many South Asian countries.

For a comparative perspective on the problems of measuring poverty, undertaken as part of the initial work on the British National Poverty Research Programme under the direction of Peter Townsend,[14] we reviewed two traditional methods, used separately or in combination, of measuring poverty in Europe during the twentieth century.[15] The first method consisted of establishing the fundamentals (food, clothing, housing, and services) required by a family of a given size to live at a minimum subsistence level. This method is still used in India, for example: that government determined the poverty wage necessary to cover all the needs including housing of a family with several children to be $50 (U.S.) per month. At least one-third of Indian families live below this poverty line.[16]

Even the most impoverished families in Northern Europe and Northern America, then, have a living standard unknown even to an average family in India. The poverty of North American families is relative —— it involves a significant and perceptible gap between their standard of living and that of an average family. The most sophisticated estimates of poverty levels have combined that relative approach with the one suggested by earlier models, which established a minimum relative standard of living with respect to the costs of basic goods and services needed by families of different composition. The best example of this combined approach seems to be the West German scales identified in our 1969 survey.[17]

We examined cost ratios for adults and children rather than absolute amounts allocated for the relief of poverty. Until the cost of maintaining a child of a particular age relative to adults and other children becomes evident, accurate estimates do define poverty cannot, in all likelihood, be made, and attempts to reduce poverty through social assistance programs will probably fail.

The 1969 survey indicated wide and unexplained variations in cost ratios within various British social assistance scales. A comparison with scales used in the United States, Japan, and West Germany indicated more generous allowances for children relative to allowances for adults. The arbitrary nature of the British scales seemed to have operated to the detriment of poor people, especially those with large families: inadequate social security scales seemed to perpetuate rather than diminish poverty. The most generous scales for child support were those that were clearly based on family expenditure surveys or special studies dealing with the budgetary needs of families with children. While all the methods examined had technical problems,[18] the *West German method, for example,* was markedly superior to the British one which applied until the 1970's.

Mike Miller[19] argues that income level, rather than occupation, is an important determinant of the strata of society to which an individual belongs, and that this income level can be influenced by bureaucratic decisions, which are made without reference to political or democratic processes: After citing this Weberian thesis, I concluded in the 1969 study that decisions and actions of Welfare bureaucracies are more likely to compound than to relieve the situations of poor people:

> The formulation of equivalence rates in British social security allowances, and of the relationship of National Assistance and National Insurance in official British social policy is, we believe, a prime example of the phenomenon which Miller discusses. The decisions about equivalence ratios in the British social security system have been made by Civil Servants. The basis of their construction is unexplained, and has hitherto not been subjected to

any critical discussion. Yet the equivalence ratios are important determinants of income for numbers of large families. Moreover, as we have shown in the comparative examination of equivalence ratios between several countries, British social security equivalence ratios are remarkably low. We suspect that if the construction of such ratios were undertaken on the comprehensive and systematic basis employed in some other countries these equivalence ratios would be much higher. The low British equivalence ratios may well be an important cause of poverty in large families.[20]

In Table 1 I have abstracted some of the equivalence ratios from the 1969 study for a hypothetical family of two adults (a man and a woman under 35) and two male children (aged four and seven) receiving a short-term allowance (the standard assuptions for all scales considered). The least generous allowance, which standardizes rates for children against those for the adult couples were, and still are, those used in the British social assistance scales. This remains true despite a different, rather more crude (giving the same amount to children aged 4 and 7) but somewhat more generous allowance for children in the 1980 British scales. All of those ratios and the Canadian ratios considered below are based on rates for short-term benefits without any special supplements. The costs of housing are not usually included in these or in the following tables; however, the United States Department of Agriculture (USDA) equivalence ratios as well as the British family expenditure data indicate that cost ratios for children are only marginally affected by the inclusion or exclusion of housing costs.[21]

Swedish ratios, derived from a 1981 manual for workers in the child and family welfare field, have a particularly well-researched base (see Appendix A). This manual is easy to use and is, in my estimation, a good model for social security systems, which so often obscure the basis on which social assistance rates are calculated and give no clear indication of how the original equivalence ratios were determined. By averaging ratios from well-researched scales, I estimate that an allowance for two children aged 4 and 7 should be about 55 per cent of the rate for an adult couple, presuming that the allowance for adults is itself sufficient to meet basic needs at a standard not markedly below the average for the particular society in which the scale was developed.

Another type of equivalence ratio is implicit in the prescribed "minimum income" standard, the level below which a family must fall in order to receive a particular welfare benefit. Table 2 summarizes the equivalence ratios for children and adults in a number of British minimum income standards. These ratios are both crude (rarely differentiating by age for younger children) and ungenerous in estimating the actual cost of children. All of them fall well below our estimate of 100:55 for two adults with two children aged 4 and 7.

In Canada the only equivalents to the British Family Income Supplement (available in theory to all families with incomes below a certain level) are Saskatchewan's Family Income Plan (FIP), Manitoba's Child Related Income Support Programme (CRISP), and a similar scheme in Québec. The Manitoba and Saskatchewan schemes provide exactly the same rate for the first three children: in 1981, FIP provided $70 per child per month and CRISP, $30 per child. Both of these allowances were more generous than the $21.75 per child per month allowed in the federal government's child tax credit scheme in 1981.[22] Furthermore, tax credit seems complicated and difficult to obtain, since it requires an income tax return, and it cannot meet the immediate needs of families in poverty. Tax credit probably benefits families who are better off at the expense of those who are very poor.[23] What is most important in terms of the present discussion, however, is that the actual costs of caring for children at different ages are not considered in these allowances, and although these allowances are welcome, they are nevertheless an extremely inexact way of alleviating poverty in families with children.

Another grey area in child allowances lies in the maintenance orders made by judges in cases of separation and divorce. In the Canadian legal system court orders for child support rarely reflect the actual costs of maintaining children, as surveys from British Columbia[24] and Alberta[25] indicate. The Swedish method of calculating benefits is actually used by divorce court judges, and probably serves to make Swedish maintenance orders a more exact reflection of what it really costs to maintain children of different ages.

EQUIVALENCE RATIOS IN SOME CANADIAN SOCIAL ASSISTANCE AND POVERTY SCALES

Equivalence ratios in some Canadian scales for the hypothetical couple with two children aged 4 and 7 are listed in Table 3. Provincial social assistance scales seem both obscure in construction and difficult to obtain, problems which probably beset the poor person seeking assistance, as well as the researcher seeking data!

The Statistics Canada scale does give a ratio of over 100:50 for this hypothetical family, but the Alberta scales all fall below this level, suggesting that they underestimate the actual costs of caring for children. However, the *Guaranteed Available Income for Need Act* (GAIN) in British Columbia sets equivalence ratios close to the Statistics Canada level.

Good family expenditure data for Canada might help resolve this problem and could also show the degree of accuracy of the Statistics Canada poverty line and its implicit ratios. Reports of the 1978 Canadian family expenditure survey issued in 1982, however, indicate that the published expenditure data for Canada does not identify families by age of children, which is crucial data for the construction of accurate equivalence ratios.[26]

The only comprehensive attempt to establish the cost of basic living standards for adults and children of different ages has been the family budgeting guides of the Social Planning Council of Toronto.[27] These guides are being used with increasing frequency in southern Ontario by courts in cases concerning alimony payments, by industrial and commercial organizations, and by organizations establishing liability for day-care and other fees. There is, however, no evidence that the government of Ontario has used these budget guides in establishing levels of social assistance. What information the Ontario government does publish on these rates is, in fact, difficult to interpret and omits mention of allowances for young children. It is clear, too, that the Children's Aid Societies in Ontario have not used these budget guides in establishing foster care rates. Their rates give a much smaller amount for a 16-year-old than would be allowed by the Social Planning Council budget guides.

The only other readily known Canadian attempt to establish budget guides was by the Alberta government in 1974.[28] There is, however, no available evidence that these estimates informed the setting of social assistance rates in the province.

The best published data on the actual costs of raising children of different ages apart from the Swedish data, are those published by the U.S. Department of Agriculture.[29] These data are offered as a guide for workers assessing the level of child support in divorce cases, the costs of foster children, and the assessment of damages in cases of permanent handicap or illness in children.[30] The U.S. data are issued for three types of areas —— urban, small town, and rural —— within each of four regions. Within each sub-area breakdowns are given for four family types —— "thrifty," low income, moderate income, and liberal income. The American example would seem to provide an important model for Canada in the provision of more accurate data on which to base poverty scales and equivalence ratios.

Family allowances have not been included in these equivalence ratios. In Britain, they are systematically discounted in the calculation of basic social assistance scales but are added to the unemployment and sickness insurance scales, which are not considered in this paper. In Alberta, too, family allowance is calculated in taxable income. Family allowance is not made available to foster parents but is retained by the placing authority.

THE COSTS OF FOSTER CHILDREN

The costs of caring for children separated from parents should, in theory, provide a pure case of the actual costs of caring for a child. Indeed, it costs an average of at least $50 a day in Canada to maintain a "normal" child one without any special psychological or physical needs in a group home or institutional setting. This $18,000 plus per year covers the capital costs of housing, food, and clothing, and a portion of the time of salaried staff members who usually work eight or nine hour shifts, five or six days a week.

Foster parents who take separated children into their homes are not allowed the luxury of such a limited number of hours. Furthermore, no foster care allowance we can find covers the opportunity costs of foster parents: the fact that a woman who stays at home to care for foster children has foregone the income she could earn in the external marketplace is not acknowledged by those who set foster care rates. Although in many ways the most important people in the child welfare team, foster parents have held a low status, and allowed no input into important decisions on the future of the children for whom they are caring. This low status has been reflected in the low rates allotted for foster children. In Canada (as in Britain) fostering allowances for normal children are usually less than a fifth of the cost of caring for such children in a group home or in an institution.[31]

In Tables 4 and 5 equivalence ratios for three male foster children aged 4, 7, and 16 without need for special psychological or physical care are presented, with the rate standardized for the 4-year-old at 100. The rate pertaining in greater London, England (total population 6.5 million) is particularly low for a 16-year-old, and this is reflected in the equivalence ratio. Comparative data suggests that an allowance for a 16-year-old, still at school, should be between 150 and 200 per cent of the allowance for a 4-year-old.

A comparison of Canadian foster care rates (Table 5) suggests that some provinces (notably Newfoundland, P.E.I., Nova Scotia, New Brunswick, Québec, Saskatchewan, and Alberta) also underestimate what it costs to maintain a 16-year-old.[32] A systematic application of the USDA equivalence ratios in Canada, however, might indicate otherwise. All we can conclude at this stage is that there is gross and unexplained variation in foster care rates and their ratios for children of different ages. Regional differences in the costs of housing or food cannot explain these disparities, and the wide variance in equivalence ratios is particularly puzzling. It is tempting to suggest that these equivalence rates have no systematic basis, and that they were constructed by welfare bureaucracies many years ago and are simply updated each year by a standard proportion across all age groups.

The apparent underfunding of foster allowances for adolescents applies to the United States as well as to Britain and Canada. Shirley Vasaly, in her review of foster care in five American states,[33] noted that such low rates greatly hampered efforts to recruit foster parents, contributed to the rapid turnover of children from one foster home to another, stifled the development of specialized foster care, and forced foster parents to accept more children than they could handle. Table 6 gives equivalence ratios for a number of American states, using data for the age groups given in the monograph by James Culley and his associates. In some states, particularly in the South, rates (and therefore ratios) are exactly the same for an 18-year-old as for a 2-year-old! The wide disparity in the American rates would suggest a situation that is at least as chaotic as that in the Canadian provinces.

A solution to some of these problems has been proposed by Settles, Culley, and Van Name in their important study on foster parents in America.[34] Settles et al used the U.S. Department of Agriculture surveys of the actual costs of children to propose adequate rates for foster parents. They also made a very useful attempt to estimate the number of hours a homemaker spends in direct child care with children of different ages and to set hourly rates for foster parents against average opportunity cost. From their research, Settles et al noted that over half of foster parents said that the high cost of teenagers in relation to low foster care rates was an important reason why they were reluctant to take older children.

CONCLUSIONS

Even with the establishment of accurate equivalence ratios, child poverty would not automatically be eliminated if the rates for adults or for a particular child against which child benefits or allowances were standardized were themselves inadequate.

In Britain, some progress has been made through the recognition that social assistance rates should reflect what it actually costs to maintain children of different ages. Work by McClements[35] has to some extent been accepted by some of the government departments responsible for constructing rates of various kinds. The recommendations of the Royal Commission on the Distribution of Income and Wealth (1976)[36] have yet to meet universal acceptance and have not permeated to areas such as foster care. Rates for adults in British social assistance scales remain at less than half of the average wage, unlike some European countries such as the Netherlands where social allowance rates for adults are set at 65 per cent of the average wage. In this respect, Field[37] has argued that since British social assistance rates have been set at the same proportion of average earnings since 1934, a partial solution to the problem of child poverty may lie in increasing average earnings by fiscal measures that reduce income differentials between wage earners: reducing the spread of earnings can significantly increase average earnings. It is still simpler and more direct, in my view, to work out just and equitable social assistance scales that reflect a higher proportion of average earnings (in conjunction with more adequate minimum wage legislation) and to establish clearly rates that reflect the true cost of adequately caring for children of different ages.

In Canada the problem of finding fair and rational social assistance rates is compounded by the autonomy of provincial social welfare departments and by the lack of (or resistance to) policy coordination by the federal government. A further complicating factor is the variation in the cost of living across Canada, which makes difficult the administering of the Canada Assistance Plan for federal cost-sharing of certain provincial expenditures on social assistance programs.[38]

These difficulties cannot explain or indeed excuse the crudities of the three national scales for estimating poverty. Systematic work must be done in order to establish, from up-to-date family expenditure surveys in different regions, the actual costs of maintaining children of different ages. The econometric methods explored by McClements in Britain and the Department of Agriculture in the U.S. need to be developed in a Canadian context.

Until such work is undertaken, we face the distinct possibility that Canadian social assistance programmes may actually perpetuate rather than relieve poverty. Indeed, there is no evidence that welfare bureaucracies as collective institutions have much real interest in the welfare of the people they administer. Such bureaucracies frequently contain highly qualified and devoted planners who are aware of these problems but who cannot prevail over Treasury and Finance Departments whose main interest is in curbing proportional increases in welfare budgets. These fiscal criteria make it difficult, too, for social planners to argue, say, that the rate for a 16-year-old should be raised significantly relative to the costs of other children. In addition, ministers of departments are likely to authorize action and improvement in areas that are politically important. At present, the obscure yet vital problem of equivalence ratios does not have much political salience.[39]

An important area for future research is that of cost-benefit analysis of various kinds of financial inputs. These inputs might prevent family breakdown, the need for child protection, and the expensive institutional care of children that often implies. In addition, the benefits of family as opposed to institutional care, which foster families can provide, should be investigated, and the adequate payment of foster parents should be established as an urgent priority.

There is little evidence, at present, that financial policies for foster care do much to stabilize the position of separated children. Welfare bureaucracies, as Miller urged over a decade ago, are an important part of the stratification system that perpetuates child and family poverty. I think it is possible for such bureaucracies to become more rational and more humane, but the price is continued political pressure for systematic research and evaluation of their policy and practice.

In a recent report the Social Planning Council of Metropolitan Toronto concluded: "For over two decades, Ontario's social assistance programs have kept welfare recipients in poverty. Reason would suggest that policies which make them even poorer would be totally unacceptable. Yet, in the late seventies, this is precisely what government spending restraints have done."[40]

These conclusions are, in my opinion, valid and apply not only to Ontario but to the whole of Canada and indeed to the international front as the British data well indicate.

TABLE 1

COMPARATIVE RATIOS OF COSTS OF CHILDREN AGED 4 AND 7 RELATIVE TO COSTS OF AN ADULT COUPLE IMPLICIT IN A VARIETY OF BRITISH SCALES IN COMPARISON WITH SCALES FROM OTHER COUNTRIES

Scale	Allowance for Married Couple, Standardised	Allowance for Child Aged 4, Standardised	Allowance for Child Aged 7, Standardised	Total Allowance Standardised
Beveridge, 1942 (UK)	100	23.1	31.0	154.1
Rowntree, 1950 (UK)	100	24.9	24.9	149.8
Nicholson, 1965 (UK)	100	23.4	25.0	148.4
UK National Assistance, 1948	100	18.7	22.5	141.2
UK National Assistance, 1965	100	17.9	21.5	139.4
UK Supplementary Benefit, 1968	100	18.0	21.5	139.5
UK Supplementary Benefit, 1975	100	17.5	21.1	138.6
UK Supplementary Benefit, 1978	100	17.4	21.0	138.4
UK Supplementary Benefit, 1980	100	21.1	21.1	142.2
Wynn, 1970 (US)	100	19.9	27.2	147.1
New York, 1966	100	30.0	41.7	171.7
Pennsylvania, 1955	100	22.2	31.0	153.2
Japan, 1965	100	31.0	40.8	171.8
West Germany, 1966	100	26.5	40.4	166.9
Wynn, 1975 (US)	100	21.7	32.5	154.2
Field, 1977 (New York)	100	22.2	33.5	155.7
Sweden, 1981	100	29.2	30.3	158.4

TABLE 2

COMPARATIVE COST RATIOS FOR CHILDREN OF 4 AND 7 RELATIVE TO THE COSTS OF AN ADULT COUPLE IMPLICIT IN BRITISH SCALES OF MINIMUM INCOME BEFORE BENEFIT RECEIPT

Benefit Source	Allowance for Married Couple, Standardized	Allowance for Child Aged 4, Standardized	Allowance for Child Aged 7, Standardized	Total Allowance Standardized
Family Income Supplement, 1974	100	13.6	13.6	127.2
Family Income Supplement, 1980	100	8.7	8.7	117.4
Free Medicines, 1971	100	10.0	12.8	122.8
Free Milk and Welfare Foods, 1971	100	9.0	12.1	121.1
Free Optical or Dental Treatment, 1971	100	8.9	12.3	121.2
Free Legal Aid, 1974	100	7.6	9.0	116.6
Free School Meals, 1973	100	15.6	15.6	131.2
Family Income Supplement, 1977	100	9.9	9.9	119.8
Family Income Supplement, 1978	100	9.2	9.2	118.4

TABLE 3

COMPARATIVE COST RATIOS FOR CHILDREN AGED 4 AND 7 RELATIVE TO THE COSTS OF AN ADULT COUPLE IMPLICIT IN SOME CANADIAN BENEFIT SCALES AND POVERTY LINE ESTIMATES

Source	Allowance for Married Couple, Standardized	Allowance for Child Aged 4, Standardized	Allowance for Child Aged 7, Standardized	Total Allowance Standardized
Alberta, Social Assistance, 1976	100	12.1	15.6	127.7
Alberta, Social Assistance 1982	100	13.8	19.8	133.6
Alberta, Department of Indian Affairs, 1981	100	13.3	19.3	132.6
GAIN, British Columbia, 1982	100	20.8	31.2	152.0
Statistics Canada Poverty Line, 1981	100	20.3	31.4	151.7
Statistics Canada Poverty Line, 1982	100	24.1	27.5	151.6
Canadian Council on Social Development, 1981 and 1982	100	20.0	20.0	140.0
Senate Committee on Poverty 1981 and 1982	100	20.0	20.0	140.0
Metro Toronto Family Budgeting Guide, 1978	100	18.9	24.9	143.7

Note: In these and other calculations it is assumed that where exact ages of children in relation to particular allowances are not specified, larger dollar allowances are intended for older children, and that all children are male.

TABLE 4

COMPARATIVE COST RATIOS FOR CHILDREN AGED 4, 7 AND 16 YEARS IN BRITISH FOSTER CARE RATES, FAMILY EXPENDITURE SURVEYS AND FINANCIAL ASSISTANCE SCALES

Source	Child Aged 4	Child Aged 7	Child Aged 16
London Boroughs Association, 1976	100	121.1	141.0
National Foster Care Association, Proposal 1977 (based on expenditure data)	100	117.6	183.5
Supplementary Benefit Scale, 1976	100	121.0	180.5
Supplementary Benefit Scale, 1980	100	149.3	179.4
McClements (1977) based on UK expenditure data	100	116.7	211.1
Sweden, Family Support Rates, expenditure = based, 1980	100	128.0	188.6
Wynn (1976) based on New York family budget data	100	150.0	243.5
Field (1977) based on New York budget data	100	151.0	246.4

TABLE 5

COMPARATIVE COST RATIOS FOR CHILDREN AGED 4, 7 AND 16 YEARS IN CANADIAN AND BRITISH FOSTER CARE RATES AND FAMILY EXPENDITURE SURVEYS

Source		Child Aged 4	Child Aged 7	Child Aged 16
Newfoundland, Foster Care	1979	100	115.0	141.8
	1981	100	113.5	157.5
P.E.I., Foster Care	1979	100	100.0	150.1
	1981	100	104.9	160.5
Nova Scotia, Foster Care	1979	100	100.0	110.0
	1981	100	100.0	118.0
New Brunswick, Foster Care	1979	100	114.0	149.5
	1981	100	118.3	152.5
Ontario, 1982: Metro Toronto		100	121.7	146.4
Durham County		100	121.2	149.9
York County		100	120.3	143.9
Québec, Foster Care	1979	100	122.2	166.7
	1981	100	120.1	159.4
Manitoba, Foster Care	1979	100	110.1	193.2
	1981	100	110.6	181.8
Saskatchewan, Foster Care	1979	100	115.5	130.4
	1981	100	113.8	130.1
British Columbia, Foster Care	1979	100	121.8	172.0
	1981	100	119.0	167.5
Alberta, Foster Care	1972	100	123.0	150.0
	1979	100	109.1	140.0
	1981	100	109.6	144.8
	1982	100	109.0	140.6
Alberta Family Allowance	1980	100	125.4	184.8
Alberta, Indian and Northern Affairs 1981		100	145.2	238.7
CRISP (Manitoba) Family Income less than $8,000, 1981		100	100.0	100.0
Sweden, 1981 expenditure		100	128.0	188.6
U.K., 1972 expenditure (McClements, 1977)		100	116.7	211.1
U.S. Dept. of Agriculture, expenditure 1980 (Edwards, 1981)		100	112.1	142.0

TABLE 5

COMPARATIVE COST RATIOS FOR CHILDREN AGED 4, 7 AND 16 YEARS IN CANADIAN AND BRITISH FOSTER CARE RATES AND FAMILY EXPENDITURE SURVEYS

Source		Child Aged 4	Child Aged 7	Child Aged 16
Alberta, Social Service Department maximum short-term allowance, 1976		100	129.0	258.8
Alberta, Social Service Department maximum short-term allowance, 1982		100	116.7	261.3
Metro Toronto Family Budgeting Guide, 1978		100	132.5	229.5

Note: 1981 Canadian foster care ratios include the averaged costs of maximum initial and annual clothing grants.

TABLE 6

COMPARATIVE COST RATIOS FOR FOSTER CHILDREN IN AMERICAN STATES* 1976 (Culley et al, 1977)

State	Child Aged 2	Child Aged 7	Child Aged 13	Child Aged 16
Alabama	100	100.0	100.0	100.0
Alaska	100	120.4	136.4	136.4
Arizona	100	100.0	100.0	100.0
Arkansas	100	107.7	115.4	120.1
California	100	114.8	124.8	124.8
Colorado	100	114.3	128.6	137.9
Connecticut	100	104.7	107.1	104.7
Delaware	100	117.3	140.0	155.4
District of Columbia	100	100.0	109.3	109.3
Florida	100	108.3	146.8	146.8
Georgia	100	105.7	119.8	125.5
Hawaii	100	121.0	146.0	146.0
Idaho	100	110.0	137.0	137.0
Illinois	100	115.1	141.5	141.5
Iowa	100	130.7	161.5	169.2
Kansas	100	136.4	172.7	172.7
Kentucky	100	112.5	125.0	125.0
Louisiana	100	100.0	100.0	112.5
Maine	100	100.0	100.0	100.0
Maryland	100	141.3	186.2	186.2
Michigan	100	123.3	143.7	143.7
Minnesota	100	129.1	168.5	183.8
Mississippi	100	100.0	100.0	100.0
Missouri	100	125.5	139.6	139.6
Montana	100	100.0	111.1	111.1

TABLE 6

COMPARATIVE COST RATIOS FOR FOSTER CHILDREN IN AMERICAN STATES* 1976 (Culley et al, 1977)

State	Child Aged 2	Child Aged 7	Child Aged 13	Child Aged 18
Nebraska	100	100.0	100.0	100.0
Nevada	100	100.0	125.0	125.0
New Hampshire	100	100.0	113.6	113.6
New Jersey	100	106.0	113.0	123.0
New Mexico	100	100.0	100.0	106.2
New York	100	118.7	136.0	136.0
North Dakota	100	111.3	125.0	125.0
Oklahoma	100	113.4	146.3	158.5
Oregon	100	117.0	117.0	157.9
Rhode Island	100	100.0	123.1	123.1
South Carolina	100	111.1	122.2	122.2
South Dakota	100	123.2	123.2	150.5
Tennessee	100	136.8	136.8	164.2
Texas	100	100.0	100.0	100.0
Utah	100	100.0	113.5	113.5
Vermont	100	106.5	134.3	134.3
Virginia	100	123.5	143.1	143.1
Washington	100	122.4	143.9	143.9
West Virginia	100	119.6	139.1	139.1
Wisconsin	100	123.4	123.4	152.6
Wyoming	100	100.0	120.0	120.0
Alberta 1982 Foster care rates	100	109.0	124.7	140.6
Ontario: Metro Toronto 1982 Foster care rates	100	121.7	123.5	146.
Ontario: Social Planning Council of Metro Toronto Budget Guide 1978	100	149.3	214.5	258.5

*Note: Data for Indiana, North Carolina, and Pennsylvania not included in source.

APPENDIX A

Data from *Hushallets Kostnader* (Stockholm: Ministry
of Consumer Affairs, 1981)

translated by Emmy Blaaberg

The column on the extreme right represents the allowance in Swedish kroner for a hypothetical family of two adults and two male children aged 6 and 11.

SWEDISH GUIDE FOR SOCIAL ASSISTANCE SCALES

FOR FAMILIES WITH CHILDREN OF DIFFERENT AGES, 1981

	Child 0	Child 1-3 yrs.	Child 4-6 yrs.	Child 7-10 yrs	Girls 11-14 yrs.	Boys 11-14 yrs.	Girls 15-17 yrs.	Boys 15-17 yrs.	Women 18 +	Men 18 +		Lunch Out	Family
Food - all meals eaten at home	195	365	520	565	620	665	570	715	520	665			
- without lunch and school lunch 5 days a week	155	285	405	445	485	520	445	560	405	520	+	365	2,225

	One person	Two persons	Three persons	Four persons	Five persons	Six persons	Seven persons	Family
Cleaning Agents (washing and dishwashing needs, etc.)	65	70	90	110	120	140	150	110

	Child 0	Child 1-2 yrs.	Child 3-10 yrs.	Boys 11-17 yrs.	Women 11-55 yrs.	Women 56 –	Man 18 –	Family
Health and Hygiene (tooth-paste, haircut, etc.) veux, etc.)	75	55	30	40	75	65	85	230

	Child 0*	Child 1-3 yrs.	Child 4-6 yrs.	Child 7-9 yrs.	Girls 10-12 yrs.	Boys 10-12 yrs.	Girls 13-17 yrs.	Boys 13-17 yrs.	Women 18 +	Men 18 +	Family
Clothes and Shoes	75	135	140	160	150	150	155	160	155	140	595

	Child 0-2 yrs.	Child 3-4 yrs.	Child 5-7 yrs.	Child 8-13 yrs.	14-17 yrs.	18 –					Family
Play and Free Time (toys, books, etc.)	35	65	60	60	75	60					240

Household Items, Etc.	One person	Two persons	Three persons	Four persons	Five persons	Six persons	Seven persons
	170	230	270	290	370	400	445

TV, Radio, Repairs, Etc.	One person	Two persons	Three persons	Four persons	Five persons	Six persons	Seven persons
	50	70	70	75	75	90	90

Newspaper, Telephone, etc.	One person	Two persons	Three persons	Four persons	Five persons	Six persons	Seven persons
	160	170	180	190	215	225	230

Housekeeping	One person	Two persons	Three persons	Four persons	Five persons	Six persons	Seven persons
	70	70	80	80	95	95	105

Insurance	One person	Two persons	Three persons	Four persons	Five persons	Six persons	Seven persons
	20	30	50	55	60	70	80

* Child not being nursed

	290
	75
	190
	80
	55
TOTAL	4,090

APPENDIX B

COMPARISON OF CASH ALLOWANCES FOR CHILDREN IN ALBERTA SCALES, 1982

Scale per month	Child Aged 4	Child Aged 7	Child Aged 16
Alberta, Social Assistance long-term allowance plus Family Allowance	$ 74.20	$ 93.80	$138.60
Alberta, Foster Care rates, with averaged clothing allowance	$265.30	$290.80	$384.71
Statistics Canada low income estimate, Calgary and Edmonton (without differentiation of children by age)	$157.75	$213.25	$243.40

Note: It is assumed that these children are together in the same household.

Conclusion: Foster Care allowances are significantly more generous than social allowance rates, although it is impossible to tell from present available data whether they allow foster children "to enjoy the same standard of living as other children in the family... While fostering should not result in a net increase to the family's income, it *must not* lead to decline in the foster family's standard of living" (*The Regular Foster Care Role* (Toronto: Ontario Ministry of Community and Social Services, 1981)).

Social assistance rates in Alberta are significantly below the Statistics Canada poverty line. The extent to which more generous social allowance rates could prevent family break-up is unknown.

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23. Child tax credit is in theory available to some families earning as much have $26.330. a year. The 1982 Budget in Canada, in taxing dental and health plans provided by employers removed a number of middle income earners from the child tax credit scheme. The Leader of the Opposition claimed that 60,000, Canadian families would lose their child tax credits because of this *Calgary Herald,* January 27, 1982, A 18. It is possible that by reducing family allowances and child tax exemption, child tax credit could be substantially increased. See L. Shifrin, "New economic package may juggle child bebefit", *Calgary Herald,* June 17, 1982, A 7.

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26. See *Family Expenditure in Canada, 1978,* Vol. 3 (Ottawa: Statistics Canada, 1982). A research group in the College of Economics at the University of Guelph is currently working on the 1978 Canadian Family Expenditure Survey on the costs of children. The micro-data tapes of this survey give details of expenditure patterns of 9,356 families, seven per cent of them with six members or more. (Communication from G. Leslie, College of Economics, University of Guelph, May, 1982).

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39. In theory welfare bureaucracies should be open to cost benefit studies that would show that somewhat increased expenditure in the short run would result in greatly reduced expenditure in the long run. In practice, there is indifference or hostility to such longitudinal studies. Reasons given to me by welfare officials are lack of coordination between government departments, and unwillingness to plan beyond the term of office of any Minister. This means that all fiscal payoffs have to be highly visible and occur within four years or less.

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The Consequences of Canadian Health Care Policies

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In the post-war years the government of Canada established its first health care policies on a national scale. The most important of these measures were the *Hospital Insurance and Diagnostic Services Act* (1957) and the *Medical Care Act* (1967). In the 1970s these policies were extensively debated by politicians, academics, and various pressure groups in light of the government's efforts to restrict public expenditures for social services and direct resources in support of private investment. The public debate highlighted issues of concern to industrialists, politicians, and professional groups, such as alleged consumer over-consumption of health services, federal-provincial jurisdictions and fiscal arrangements, and the role of various professions in the delivery of services. There was also some discussion of unequal utilization of services by different socioeconomic groups, but this remained a marginal question.

Virtually untouched by politicians was the issue of medical technology, which occupied the minds of a few social critics in the light of growing criticisms of traditional medicine. As will be seen here, Canadian health care policies have a strong technological bias in favour of medicine. Although it has been recognized by government and various pressure groups that the technological base of the national policies is becoming increasingly irrelevant to the new dominant health risks facing society, no steps have been taken to evaluate the system openly in this sense. In 1979 a special commissioner, Justice E.M. Hall, was appointed to re-examine Canada's health care programs. Although his report was presented as "a commitment for renewal," it concentrated on the question of "adequate remuneration" for doctors without any reference to the value of their services to society.

As the economy does not show any signs of improvement and as reallocation of resources to less expensive health care will continue to be problematic, one may expect an increase in the number of critics raising more fundamental questions. It is, however, unlikely that the government will favour a thorough inquiry into the consequences of health care policies. This would pose some politically embarrassing questions.

What are the consequences of health care policies in Canada? Any attempt to answer this question necessarily involves controversy over ideology and methodology.The common tendency to assess health care and other social policies outside the general social matrix, illusions about the distribution, use, and transference of power, the complexity of assessing established policies in the light of present needs, problems, and expectations, and the inadequacy of data all impose normative ambiguities on the concept of health. The concept of health is a dynamic one, and any assessment of established institutions calls for an historical overview of the social processes that brought them about.

HISTORICAL OVERVIEW

Benedetto Croce once said that all history is contemporary history because it consists in seeing the past in the light of present problems.[1] Present problems can, however, be seen in various ways by different observers. I intend to look at them here in the context of political economy, because one of the most important political issues in Canada today is economic paternalism in the form of Confederation. As paternalism reaches beyond federal-provincial relations to permeate all social relationships, the analysis here will have a broad scope.

Since the 1910s Canadian politicians, trade unionists, public servants, and various pressure groups have been watching and debating the development of social policies in other industrial societies. Canada, however, did not establish any comparable social policies prior to the Second World War and is still behind many other industrial nations in this respect, some of which are poorer. There are many reasons for this slow development, none of which alone can provide a total explanation, but they all relate to the Canadian economy, political institutions, and popular philosophies or myths.

First, for many decades after Confederation in 1867, most of the country depended on an agrarian economy that both supported and was supported by the traditional forms of family dependency. When industry began to develop, urbanization was gradual in most cases, and the country did not experience as severely the problems that agonized the crowded industrial centres of Europe.

Second, Canada did not experience directly the external threats that facilitated the introduction of social policies in Europe. As H.M. Cassidy, one of the protagonists of social reform in Canada, put it, "Canada, mobilizing more slowly for war than Great Britain, has been later to discover the importance of the social services in a total war effort."[2] We shall return to this point later.

Third, popular philosophy on the frontier was based on two powerful concepts that began to fade in the Depression but that still guided most social affairs in North America: (1) the idea of progress[3] that implied that technological development and economic growth with limited government would eventually lead to universal welfare; and (2) the related idea of frontier opportunity,[4] which implied that in a free economy with vast untapped resources there was equal opportunity for all to prosper and manage their own affairs without public support.

Fourth, Confederation was based on what came to be known as the National Policy, which served primarily the interests of central Canada. That part of the country, inhabited by a "colonial aristocracy," was to become an industrial heartland, and the other regions were to be maintained as hinterlands. This plan, entrenched in the *British North American Act (BNA),* gave the federal government unlimited powers of taxation to develop the country's economic infrastructure. What limited social services there were fell primarily under provincial jurisdiction, and no one expected that they would be much needed. Therefore, the development of social services in later decades was slow and always rife with federal-provincial controversies over public revenues.[5]

Fifth, the need to finance Canada's participation in the First World War made it possible for the federal government to raise revenue from direct taxes, which previously were in the domain of provincial authority. These taxes were, however, of limited application because of their unpopularity. Once the federal government had developed a mechanism for such revenues (which increased considerably during and after the Second World War), it was hard for the provinces to exercise fully their constitutional right to tax incomes[6] and when the need for social policies emerged in the decades following the First World War, the provinces found themselves in conflict with the federal government over the development and financing of social services. This factor will be discussed in more detail later, as it contributed greatly to the scope and consequences of social policies in recent decades.

Sixth, due to the socioeconomic and political factors pointed out earlier, the Canadian union movement was not markedly influenced by the same class-conscious spirit that European labour has displayed on various occasions over the past century. Being under the wing of American trade unions, Canadian organized labour rarely exerted any pressure on radical issues. Rather it limited its activities to the improvement of the condition of its members,availing itself of any opportunity that vote-catching provided.

The weak position of the trade union movement was shown on the occasion of the Winnipeg General Strike in 1919. The organizers of the strike had no radical demands; they simply wanted the right to collective bargaining and decent wages, rights that were part of the peaceful settlement of industrial disputes that had just been tailored by the Canadian government on behalf of the plenipotentiaries of the Peace Treaty.[7] The media, however, linked the event to the Bolshevik Revolution, and the police crushed the strike. Subsequently, the process of window-dressing reform, which had started in 1916 under vague electoral pledges,[8] was discontinued. After the strike, peace was declared between employers and employees at the National Industrial Conference (1919), despite the fact that the most important labour rights recognized by the Paris Labour Convention (the recognition of labour unions, the right to collective bargaining, and the eight-hour work day) had been rejected by employers.[9] Prime Minister Robert L. Borden left it to the "wise employer" to be concerned with these principles and warned the unions that if industrialists saw no benefit to production they would discontinue their operation.[10] We shall return to the theme of the union, "democratic" disposition later. Suffice it here to say that the concept of the "embourgeoisement"[11] of unions and leftist movements was more appropriate to the Canadian experience, but not the concept of class struggle which was never in the minds of the pro-labour forces.

Under these circumstances, four basic problems seem to have contributed to the provision of health care beyond traditional private practice: (1) epidemics and severe health problems among the destitute; (2) the inability of remote and economically unattractive communities to secure the continuing services of a physician; (3) the need of industrialists with remote or risky operations to secure medical services in order to attract labour; and (4) the increasing difficulty of hospitals to secure funds for expensive technology. These needs were met in various ways: by public health measures similar to British precedents; by salaried municipal doctors; by contract practice agreeing to take care of a particular group of individuals at a specific prepaid cost; by industrial plans financed partially or wholly by employers; by commercial insurance for individuals or groups covered against specific health risks; and by insurance plans like Blue Cross involving hospital associations and groups of people.

Although these private, municipal, or provincial measures covered some of the health needs of various groups, they were inadequate and occasionally pressure was exerted on provincial governments to develop health insurance policies to cover larger segments of the population. Consequently, in 1919 and again in 1928 the government of British Columbia appointed Royal Commissions to look into the matter, as did Alberta in the early 1930s. The records of these commissions show that health insurance was desired by some industrialists because of the rising cost of the private schemes they had established for their employees; by impoverished hospitals that wished to shift part of their financial burden onto taxpayers; by political parties (competing for labour votes); and by some union leaders in alliance with politicians or industrialists. On the other hand, some industrialists concerned with the competitiveness of industry and labour mobility were in favour of a national policy of health insurance. These people had on their side the federal government who argued that health insurance was not within the jurisdiction of the provinces. Provincial plans were shelved in the 1920s and 1930s, but it is not known whether this was due to federal resistance or was simply a matter of provincial electoral manipulations.[12]

The need for a national health insurance scheme and other social policies was reinforced by the Second World War, which drew Canada more closely into the international community. The Great Depression had illustrated the need for economic stability. Furthermore, conflict among the superpowers began to have universal repercussions, and national efficiency became every nation's concern. The need for extensive social security measures was emphasized by the Atlantic Charter to which Canada was a signatory. The promise of social security was restated by Prime Minister Mackenzie King on various occasions,[13] and public opinion was in favour of social reconstruction.[14] The prediction of a depression in post-war years[15] was an additional factor in favour of government intervention in the economy. Finally, social security was propounded as a "democratic objective"[16] in light of the impressive demonstration of national cohesion and fitness staged by the fascist and communist leaderships.[17]

The cause of social security measures at the national level was advanced by the report of the Rowell-Sirois Royal Commission on Dominion Federal-Provincial Relations (1937-40), which proposed shared-cost programs between the two levels of government. Two strong factors in favour of such programs were increased federal income taxes to finance the war and the improved image of the federal administration during the war. The furious rejection of the Rowell-Sirois proposals by the rich provinces, however, showed early in this process that reconstruction after the war was to be faced with vigorous federal-provincial conflicts that reflected antagonisms among the various sectors of the economy. It seemed that differences among the rich had to be resolved before any thought could be given to those between the rich and the poor. The provinces' feeling that the process of reconstruction would be slow was shared by the federal government, which also appeared less promising to the working classes as the war reached its end. In 1943 Ian Mackenzie, Minister of Health, told the Special Committee on Social Security that he had read the British plan for reconstruction (in the Beveridge Report) "...with profit and inspiration, but ... we cannot say yet that it is entirely practicable even in Great Britain until it has been submitted to the acid test (of the legislature)."[18] Notwithstanding his vision of a world on the verge of a "humanitarian revolution," he often stated to the Committee that reconstruction was inhibited by conflicting economic interests that the constitutional frame of Canada had to accommodate.

The previous paragraph brought into focus the political essence of the conflict over national social policies, that is, the issue of public revenue and government jurisdictions. There is no room here for an account of the policies that resulted from this political process or for a detailed record of the events that eventually brought about the national health policies in the 1950s and '60s. Attention will be focused instead on the views on health insurance of various organized groups, concerning the type of policy to be introduced (compulsory or voluntary insurance), the extent of its coverage, the roles of the provincial and federal authorities, the financial basis of the policy, and the role of the medical profession in its implementation. As the views of the different interest groups varied over time according to many economic and political factors, it is impossible to describe them fully here. But the basic positions of these groups must be outlined in order to help us understand what influenced the policies that were established and how the consequences of these policies are related to these influences.

VIEWS OF INTERESTED PARTIES

(a) *The Medical Profession*

Until the mid-1930s various committees appointed by provincial medical associations studied provincial proposals for health insurance and made recommendations intented to protect the autonomy of the medical profession. The first concrete ideas by a national body representing the profession were published in the 1930s on the occasion of an Employment and Social Insurance Commission appointed by the federal government to gather, among other things, all available information relating to health insurance and make recommendations. Although no constructive action that was declared unconstitutional resulted from the Commission, the medical profession enlarged and reaffirmed its basic position in 1937 and 1938 that it would reject any government proposals against its traditional privileges.

When the federal government resumed its deliberations on social security during the first war years, the Canadian Medical Association (CMA) journal published twenty principles in keeping with the position of the profession in the 1930s. These principles included the notion that administration of provincial plans should be by politically independent commissions dominated by representatives of the profession; that health insurance should be compulsory only for people of incomes inadequate to meet their medical expenses and that premiums for the indigent should be paid by the government; that the insured should enjoy the freedom of choice of a doctor; that doctors should be remunerated according to methods of their choice; that fee schedules should be under complete control of the medical profession; and that the medical benefit should be defined by the profession at the best possible standard with remuneration consistent with quality. The CMA further promoted its position by means of a Conference of National Health Organizations (1944) in which professional opinion reflected "a good deal of fear concerning the unknowm octopus of government health insurance."

The medical profession was in favour of some government policy that would extend existing physician services and protect its members against the risk of unpaid bills (a need particularly felt during the Depression). A compulsory universal scheme, on the other hand, would put an end to the existing voluntary schemes operating under professional control and would gradually lead to state medicine. The basic criticism of the voluntary schemes was that they did not cover the poor or even the middle class. The most obvious answer from the profession's point of view was that such plans should be expanded but not replaced. This line of thinking guided the CMA statements of policy in 1949[19] and 1955,[20] and voluntary schemes were expanded (a move seen by many as an attempt to protect the CMA and the insurance industry against the advancing forces of state medicine).

The idea of a Royal Commission to study health insurance was proposed to the federal government by the CMA who feared increasing pressure from various groups and politicians to adopt a universal government plan. It seemed that "the Association felt that its 'supplement, don't supplant' approach was so sound that any reasonable commission must endorse it."[21] For reasons to be shown later, the Royal Commission on Health Services appointed by the government in 1961 disappointed the CMA, and its recommendations led to the *Medicare Act* (1966-67), which did not adopt the principle of subsidies proposed by the profession and its allies. The CMA did not consider the case of health insurance closed after the *Act* and continued its opposition against a universal government scheme. In a letter to the Prime Minister (January 17, 1968), the CMA emphasized that its main motive was to protect the principles delcared by the profession in the past and not to protect the earning power of its members (as some alleged); for experience had shown that universal schemes had increased doctors' earnings. This differentiation between professional autonomy and economic issues, however, held little sway in the minds of most critics of the medical profession at the time, and for good reasons as will be seen later.

(b) *Employers*

Employers as a group held no specific opinion about social policy but felt generally that government intervention should be "limited." The definition of satisfactory "limitation" is, of course, open to interpretation, and the opinion of employers varied with the state of the economy as well as with their own economic interests. Most employers supported in principle the idea of health insurance, for they were convinced that health care enhanced productivity. Moreover, as was said earlier, some industrialists who ran remote operations had established their own schemes to attract labour and thus were particularly responsive to a government insurance plan that would shift the burden of payment onto the general public. For this reason, for example, some industrialists welcomed the scheme recommended by the 1932 B.C. Royal Commission whereby employers would contribute only two-ninths of the total health insurance cost (the province, one-ninth, the federal government, one-ninth, and the employees, five-ninths).

While some employers were in favour of provincial health insurance schemes, others concerned with interprovincial competitiveness and labour mobility supported the idea of a national policy to establish some measure of uniformity. The Canadian Manufacturers' Association supported this view as did Prime Minister Richard B. Bennett (a millionaire with anti-labour feelings)[22] in his effort to prevent his electoral defeat in 1935. Similarly, the Canadian Chamber of Commerce supported the Rowell-Sirois propdsals for a federal social security program when they were first published in 1940 and criticized the "constitutional fetish" of the provinces that moved them to reject the proposals "in order to support the interest of mining companies."[23] However, when the economy was struck by a recession a decade later (1956-57), the Chamber stood against the proposals for a national compulsory scheme for fear of increased demands upon business and state medicine.[24] At this point the Chamber of Commerce opted for the views of the Canadian Medical Association and the insurance industry in favour of more voluntary insurance and the use of federal money to cover the indigent, the aged, the chronically ill, and those faced with "catastrophic" medical expenses.

(c) *The Views of Organized Labour*

Health insurance was discussed in the early part of the century by various unions aware of labour demands in other industrial countries. In 1921 the Trades and Labour Congress met in Winnipeg and decided, among other things, to lobby for health insurance in every province. As was shown earlier, however, the movement in Canada was struggling at that time for more of the basic rights already enjoyed by labour in other nations. In a climate of widespread hostility against any radical thought, unionists had a hard time trying to win public sympathy and a legitimate place for organized labour in the democratic process. They gradually strengthened their position as a lobby group by forming electoral alliances with politicians at all levels of government.

In the early 1940s, the Labour Congress submitted a report to the Advisory Committee of Health Insurance recommending a complete plan of social security, including a national scheme of health insurance. Its position on the matter was weak, however, for it sugegsted that if such a scheme were not possible, some measures should be introduced to take control of health care away from the medical profession and place it in the hands of the contributors (government, business, and labour). A bill presented to Parliament (but never passed) on the basis of the Committee's proposals was ctiticized by the Congress as favouring the medical profession at the expense of the general public, especially those earning low incomes. For years after this abortive bill the Congress repeatedly pressed for a federal health insurance act. In a statement issued in 1952 the Congress maintained that the greatest blow against inflation would be national health insurance, which would increase productivity.[25] It pointed out that thirteen times more work days were lost due to injuries and illness than to strikes. The Congress also saw health insurance as a defence measure for "our democratic way of life," yet this argument proved frustrating for the Congress as its meaning was muddled by politicians.

Later in the 1950s, however, government was not faced with such strong pressure from labour, and unions continued seeking voluntary insurance for their members. As the lobby for a national policy swelled, the unions were urged to join forces. M.G. Taylor, one of the advocates of reform, criticized the labour movement for obtaining private insurance "to solve for its own members an economic problem... common to all Canadians."[26] Organized labour continued issuing statements in support of a broader policy with a preventive orientation and less control by the medical profession. The Congress was sensitive to accusations that it wanted a "socialist" measure and stressed that it was neither for nor against state action but for "a plan to do the job."[27] As will be seen later, labour views had no significant effect on the policy that resulted from this long political process.

POST-WAR REFORM IN HEALTH CARE

Such were the pressures on federal and provincial governments over the issue of health insurance. These pressures had to be balanced by politicians at all levels of government on the basis of their long-term constitutional objectives and their short-term electoral calculations. The central aim of the federal government in post-war years was to maintain the fiscal advantage it had gained, mainly through direct taxation, during the war. This objective was to be partly legitimized by the introduction of social policies that were expected to have a strong redistributive effect. The "Robin Hood" image the federal government wanted to cultivate, however, did not accord with its fiscal policies. During the time social policies were being considered, corporate taxes gradually fell (from 23 per cent of government revenue in 1951 to 8 per cent in 1979), and personal income taxes climbed (from 20 per cent to 29 per cent respectively). Also at this time federal economic paternalism was being increasingly challenged by provincial economic elites and governments. Prolonged intergovernmental conflicts delayed plans for national health insurance and other social policies that some provinces identified with the federalist cause.

The first concrete post-war proposal for a federal scheme was drafted on behalf of the Special Committee on Social Security (1943) by Dr. J.J. Haegerty with the assistance of a CMA committee. Their intention was to present a model draft bill for the provinces. The proposal was not limited to prescribing the means of financing health services but contained principles of service delivery and administration by provincial commissions representing consumers and the medical profession. The draft bill provided for health regions, for family physicians to be paid by the capitation method, and for personal preventive services. The federal government was to pay 50 per cent of the cost and grants for planning and organization.

When the proposals were actually made at the Conference on the Reconstruction in 1945, they were rejected by the two richest provinces of the time, Ontario and Québec. The package was rejected because it involved the transference to the federal government of exclusive jurisdiction over incomes and succession taxes (a power that had been assumed by the federal government temporarily to finance the war). The opposition of Ontario to this resolution was also backed by the province's medical association, which in the mid-1930s had assumed responsibility for the administration of a provincial program of medical care for recipients of public assistance.

As a result of the failure to resolve the revenue issue, the federal government gave up the idea of a model act of health insurance for the provinces. Instead, it offered to help the provincial governments develop their own plans by promising a federal contribution to the plans of 60 per cent of the estimated per capita cost. Thus, in terms of health care, the reconstruction resulted in little more than a *National Physical Fitness Act* (1943-44), which was repealed ten years later.

In May 1948 the federal government offered the provinces health grants without the condition of health insurance. In anticipation of the grant the reformist Co-operative Commonwealth Confederation (CCF) government of Saskatchewan under the bold leardership of T.C. Douglas introduced the first compulsory hospital insurance plan in North America, followed by British Columbia and Alberta two years later. Hospital insurance was easier to introduce than health insurance, which doctors identified with the threat of state medicine. In the absence of health insurance for all, hospitals were overburdened and subjected to increasing pressure for outpatient services. As will be seen later, an unprecedented increase in emergency registrations due to abuse by 'non-emergent' patients and increased accidents were influential factors.

Hospital insurance in western Canada quickened the pace of reform, and in 1957 the federal government introduced the *Hospital Insurance and Diagnostic Services Act*. This first step in the direction of national health insurance was also facilitated by a belated pledge of the government of Ontario to impoverished hospitals and unions.[28] The *Act* provided for financial assistance to provincial hospital plans under some conditions ensuring universal coverage, the inclusion of certain inpatient services, inspection and supervision of hospitals, as well as the planning and development of hospital resources. By January 1961 all provinces had developed programs based on the *Act*, and about 98 per cent of the population had been insured. The programs varied in terms of outpatient services, the degree of government control, and certain other features under provincial jurisdiction.

The unconditional grant offered to the provinces for health insurance planning and the *Hospital Insurance Act* were strong signs that medical insurance would follow sooner or later. Its coming was, however, clearly facilitated by the CCF in Saskatchewan (which has been unduly branded or praised as a radical movement).[29] The efforts of the pro-labour members of the CCF were seriously inhibited by the communist scare of the post-war years, by the Korean war, and also by the dominance in the party of the farmers' movement and the progressives (whose aim was to Christianize business). Hospital and medical insurance made sense, however, to most supporters of the CCF because many communities were underserved by the medical profession and, because of the agrarian nature of the province, private insurance was not extensive. Having a popular hospital insurance plan to its credit, the CCF entered the 1960 electoral battle pledging medical insurance. The party returned to power with less than 50 per cent of the vote, but it carried out its plans and passed the *Medical Service Act* in 1962, which caused the notorious Doctors Strike.[30] The government had made several basic concessions to the medical profession (fee-for-service, opting-out, etc.) but the doctors demanded the continued eligibility of private insurers as remuneration agents and a review of the basic nature of the *Act*, which provided for a compulsory, comprehensive scheme controlled by government. The first of these demands was granted, and the strike was resolved.

The CCF made serious concessions to the medical profession and, as will be seen later, the new scheme improved the income of doctors — something that was not left unnoticed by the CMA. But it would be unrealistic to suggest that a national policy would not have come about without the Saskatchewan precedent or that the policy was established in fear of increasing radicalism in Canada as some literature seems to suggest.[31] As seen earlier, the federal government had already granted money to the provinces to plan their own schemes, and while the government of Saskatchewan was planning accordingly, the federal government appointed under Justice E. Hall the Royal Commission on Health Services in 1961 as requested by the CMA. A year later T.C. Douglas, availing himself of his success, made a bid for federal power (under the banner of the CCF/New Democratic Party); but he and his sixteen colleagues were defeated in Saskatchewan. The Royal Commission continued its work despite the defeat of the pro-labour movement. When it produced its report in 1964, only the medical profession and the insurance industry were strongly in favour of maintaining the existing private schemes.

A central task of the 1961 Royal Commission, also known as the Hall Commission, was to examine the demand of the CMA and the insurance industry for the expansion of private schemes and the provision of government subsidies for those unable to pay. It was an important task because the governments of Ontario, British Columbia, and Alberta had meanwhile established income tax exemptions for those purchasing private insurance policies, a move interpreted by many as an effort to increase resistance to a national scheme. The Commission rejected this solution. It calculated that government subsidies would be necessary for all those earning less than $7,000 annually, that is, half the Canadian population, and that this would require mass means-testing, which had to be ruled out on administrative grounds.[32] The Commission proposed federal subsidies to provincial plans identical to that of Saskatchewan.

The medical profession and its allies staged a frantic campaign against these proposals, but their arguments appeared extremely weak against the Commission's voluminous work and its solid evidence in favour of a national scheme. The Commission's report was bold: "What hidden logic," pondered a left-wing publication, "compelled those conservatively minded Canadians to make forceful recommendations that would stagger even the former CCF government of Saskatchewan?"[33] An answer to this question would require a vain inquiry into those corridors of human consciousness that lead only to digression from what matters in the political process. But it can be pointed out here that the Liberal government under Lester B. Pearson had included health insurance among its basic electoral pledges and could not afford to ignore a commission appointed by the Conservatives. Moreover, as will be seen later, the Commission's proposals resulted in a conservative policy that left room for serious concessions to the medical profession and other private concerns by the provincial governments.

The first step of the federal government was to consult with the provinces prior to the Federal-Provincial Conference of 1965. At the Conference Pearson offered 50 per cent of the national per capita cost of medical care to the provinces that introduced a plan based on four principles: universal coverage, comprehensive benefits, portability of coverage, and government non-profit administration. These were incorporated in the *Medical Care Act* passed in December 1966. The leader of the opposition supported the measure, and only two votes of the Social Credit Party were negative.

The effect of federal-provincial conflict over revenues in the long process described can also be seen in the fact that, despite extensive consultations with the provinces prior to the *Act*, only British Columbia and Saskatchewan entered the plan in 1968 when it became effective. The other provinces entered the scheme reluctantly within the next three years. Perhaps their delay would have been longer had it not been for a federal promise of an important fiscal reform: in September 1966 the minister of finance stated to the Tax Structure Committee that, as of 1970, the provinces should accept full responsibility for the shared-cost program through tax transfers from the federal government. As will be seen later, the federal government did not keep this promise.

A central theme of this analysis so far has been the revenue issue between federal and provincial authorities. One may draw several conclusions from the series of events outlined here. For this study the importance of the issue is that economic antagonism among the various groups involved clearly was the most decisive factor in the political process. Humanitarian considerations about the health and well-being of those who needed health care were surely taken into account by some individuals or groups involved, but these were of secondary importance. It is on the premise that political economies played the key role in health care policy that the consequences of the policies introduced shall now be analysed and assessed.

THE AIM OF HEALTH CARE POLICIES

(a) *The Hospital Insurance Policy*

One of the major aims of the federal *Hospital Insurance and Diagnostic Services Act* was to equalize government financial assistance to provincial hospitals so that they could make prepaid coverage available to all residents, include some inpatient services previously unavailable, and provide a broader range of outpatient services. Another objective was to ensure that patients were not burdened excessively during hospitalization. All these goals were more or less achieved.[34] First, the percentage of the federal contribution to the cost of hospitals in the poorer provinces was higher than that received by the richer ones (ranging in 1961 from 63 per cent in Price Edward Island to 47 per cent in Ontario). This was achieved by calculating the federal contribution on a double formula (25 per cent of the average per capita cost of hospital services in Canada plus 25 per cent of that in the province itself). Second, differences in services provided by hospitals were reduced over time. As medical insurance took many years to be introduced, outpatient services expanded, and, as will be seen later, the introduction of medical insurance did not reduce such services as had been expected. Third, the use of deterrent fees was discouraged by the *Act*, since no federal contribution was paid for that portion of hospital costs paid by patients.

Another reform sought and achieved through the *Hospital Insurance Act* was the improvement of the standards of hospital care and administration. The *Act* required an agreement to be signed by the provinces concerning detailed regulations to be legislated for the licensing, inspection, and supervision of hospitals, as well as other aspects of hospital administration believed to be related to quality of care and cost control.

Generally speaking, the *Hospital Insurance Act* resolved many of the problems pointed out by the critics of hospital care before the reform. Criticisms of the rising cost of hospitals (which was, in fact, a post-war trend that the *Act* was expected to minimize) increased in the 1960s. This problem will be discussed later insofar as it relates to health care policy as a whole and must be seen in a more general socioeconomic sense.

(b) *The Medical Insurance Policy*

As seen earlier, pressure from some of the provinces in the 1940s made the federal government reject the idea of a model medical insurance act for all provinces. This was a sensitive issue relating to the long-standing conflict over jursidiction and public revenues. Health measures were a provincial matter under the *BNA Act;* but at Confederation health insurance was not within the range of government activity anywhere. Because of the rising cost of health care in the twentieth century and for other reasons, experts the world over now agreed that government insurance was the most economical way to meet the health needs of large segments of the population or indeed of the whole nation. Furthermore, this type of policy suited the interests of some corporations concerned with competitiveness and labour mobility. To reconcile these concerns with the provinces' jurisdictional demands, the federal government introduced an act that laid down some basic principles of uniformity and left to the provinces the task of developing individual policies that would balance the pressures of the various groups operating at the provincial level. This type of accommodation of conflicting interests at both levels of government was typical of the Canadian political process and was facilitated, as pointed out earlier, by the federal promise to the Tax Structure Committee (1966) that tax transfers to the provinces in the near future would help them assume full responsibility for the shared-cost programs.

The principles laid down by the *Medical Care Act* will now be examined in the light of the major problems that it was designed to resolve. Everyone in the health care field and the literature on the national policy refer to "the four principles of the *Act*." In fact there were five. The fifth principle, which should be emphasized on account of the problems its application caused was that of "reasonable compensation" for physicians. Thus, as prescribed in Section 4 (1) of the *Act*, to qualify for federal cost-sharing, provincial medical insurance plans should satisfy the following criteria:

1. *Comprehensive coverage.* This meant that the provincial plans should cover all medically required services rendered by a physician or surgeon without consideration of cost or other limitations, provided there was a medical need. Moreover, the plan was to be administered in such a way that "reasonable access" to insurance services should not be impeded or precluded, directly or indirectly, by charges made to insured persons or otherwise. The plan was also to include preventive and curative services traditionally covered through the public sector, such as the medical care of patients in mental and tuberculosis hospitals (not covered by the *Hospital Insurance Act*). These principles seemed desirable on account of the evidence provided by the Hall Commission on the inadequacy of coverage by the existing voluntary or cooperative schemes and government subsidies. It was pointed out that of the 10.7 million Canadians covered by some form of medical insurance or prepaid coverage, nearly three million had limited benefits. It was thus difficult for doctors to determine the entitlement of their patients because of the wide variation in benefits from the different insurance schemes. Furthermore, premiums varied markedly as did cost-benefit ratios, even in different schemes arranged by the same companies.[35]
2. *Universal coverage.* In order to be supported, the provincial insurance was to be available to all eligible residents on equal terms and conditions and was to cover, after the first two years of operation, at least 95 per cent of the total eligible population. No discrimination was permitted on account of previous health record, age, non-membership in a group, or

other criteria. These provisions were also justified by the findings of the Hall Commission. Its report had shown that, in 1961, over 7.5 million Canadians (about 45 per cent) had no medical insurance whatever.[36] By 1966 this figure had dropped dramatically to about 20 per cent[37] – partly due to the increased effort of private companies to cover more people in support of their arguments against government insurance. The minister of health, however, thought the section of the population left uncovered was substantial and deserving of protection, especially as it included certain low-income groups that were "most unlikely to enrol on a voluntary basis."[38] Obviously, the minister did not expect that the Canada Assistance Plan (1966), which included health care for all recipients of public assistance, would prove adequate.

3. *Portability of benefits.* The provincial plan was also to provide coverage for those temporarily absent from a province or those moving to another one that would be part of the scheme. This measure was important for labour mobility, one of the basic concerns of some corporations that favoured a national policy. Migration in Canada has always been high because of the nature of the economy, but it was not in the interest of private insurance to provide portability of benefits.

4. *Non-profit government administration.* To qualify for a federal contribution provincial plans were to be administered on a non-profit basis by a public authority accountable to the provincial government for its financial transactions. The *Act* left it to the discretion of the provinces to decide the extent to which the medical profession and private insurance would be involved in the administration of the scheme, but public accountability was an essential element.

5. *Reasonable compensation for physicians.* Pay for physician services was to be based on a method agreeable to the medical profession. This was a major concession to physicians, and, not surprisingly, their pay was based on the "fee-for-service" method traditionally favoured by medical associations.

As seen earlier, the principle of government administration was a central issue for the medical profession and the insurance industry. The fact that the *Medical Care Act* did not proscribe an intermediary role for these groups released some tension; but the CMA warned even after the *Act* had been passed that it did not consider the medical insurance issue closed. A belated piece of propaganda in support of this view was a survey report of the Canadian Conference on Health Care that claimed that its findings "clearly indicated both the satisfaction of the majority of Canadians with existing programs, and their confidence that the continuance and extension of these arrangements can best serve the interests of all Canadians."[39] These arguments were later contradicted by another survey that showed that most Canadians (over 60 per cent of those who had formed an opinion) said they wanted a federal plan.[40] The majority of supporters in Québec was much higher than the national average, a fact that was not to be ignored by the government of Québec, which had insisted on tax transfers to finance its own program.

THE CONSEQUENCES OF HEALTH CARE POLICIES

(a) *Effects of the Federal Principles*

Within four years after the introduction of the *Medical Care Act* all provinces had entered the scheme. Provincial plans varied markedly in terms of the criteria established by the *Act.* It would be hard to assess the extent of such variability, but one may assume that it was considerable because it became a political issue at the federal level in the 1970s. In 1977 the federal government introduced legislation requesting the submission of information by the provinces to help the federal minister assess the extent to which their plans met the principles of the *Act.* Such information has to date not been submitted. The federal government therefore is not in a position to control the application of the principles of the *Act* and has taken no measures against provinces not providing the necessary information. Furthermore, some of the provinces have justified what seem to be deviations from the principles (such as discriminatory premiums or user fees) by claiming that the principles are somewhat vague. When questioned in the House of Commons about adherence to the criteria[41] in 1979, the minister of health replied that her department, through consultation with the provinces, was developing guidelines because of signs of erosion in the medical care plan.

In 1979 when extra billing and the opting-out of physicians (particularly in Ontario) stirred a public debate, the federal government appointed Justice E. Hall a special commissioner to review the national policy and its application by the provinces. Hall confirmed some of the criticisms submitted to him by various groups who argued that the federal policy had not elicited the degree of uniformity in provincial plans expected in the 1960s.[42] This can be interpreted generally as the result of the increasing economic development of the provinces, which had necessitated the transference of relative power or managerial authority from the federal government to their own governments. The variability of provincial programs seems to be greatest in those areas of concern to the medical profession and its allies, that is, the extent of coverage of the medical insurance plans, their control by government, and remuneration of the physicians.

1. *Universal covergae, accessibility, and reasonable compensation for physicians.*

These three principles are related and will be examined together in the following paragraphs. The principle of universality is not simply a matter of recognizing every resident's right to health care. It cannot be secured solely by a legal proclamation. Other supportive fiscal and administrative arrangements are also needed to reduce the many factors inhibiting access to services. International experience with civil rights and public assistance has made this point clear. It is beyond our scope to expand on the many barriers to health services, which particularly affect lower-income groups, but some examples will be furnished here.

First of all, Canada is a vast country with thousands of small villages and townships, many of which are single-industry communities. Many of them cannot support or attract private doctors, and some of them have failed to do so even under a government scheme. The relation of the health problems of such communities to the economic system (which forces many to seek employment under inhumane conditions) is well known, but the system can provide no substantial remedy.

Second, the *Act* failed to meet the promise of equality of access to health care. Some provinces (the richest) financed their programs by means of regressive premiums. Moreover, in their effort to check overuse of services, some provinces introduced various user fees, which operated as taxes reducing access to care disproportionately for the poor, the aged, and large families.[43] User fees are particularly extensive in the rich provinces, but some of the poorer ones have also shown a tendency to implement them. Characteristically, the CMA at its annual meeting of 1979, argued for user fees for every kind of health service.

Third, several provinces have permitted extra billing (in addition to the fees received under medical insurance) for services rendered by doctors who have opted out of the program. Extra billing, essentially a deterrent fee, has caused heated political discussions in some of the provinces, particularly in Ontario, where a conflict between doctors and the government over fee schedules worsened the situation by causing unprecedented opting-out in 1978 and 1979. There is no accurate record of the number of doctors who have opted out in Canada, but it is estimated by experts that 10 to 15 per cent have done so. Ontario leads with 18 to 20 per cent.

In his review, Hall criticized premiums, user fees, and extra billing as threats to the principles laid down by the national health policy, but the remedies he proposed are unlikely to produce the "commitment for a renewal" promised in his report. He proposed the abolition of the premium systems in the richest provinces when the Canadian economy improves. His recommendation of the abolition of user fees is also likely to be seen by the provinces as conditional to economic improvements. As for extra billing, he insinuated that the practice resulted from the inadequate compensation of physicians (despite a study he commissioned that showed doctors to be extremely well paid under medicare). He recommended, therefore, that extra billing also be done away with, under the condition that adequate compensation be secured through binding arbitration when government and the medical profession could not agree on fees.

Fourth, apart from the various regressive fiscal arrangements or deterrent fees, several studies have shown that for various reasons (some of which are inescapable malignancies of the economic system) those who have more need for care have less access to services. Some ambiguities in these studies have recently been pointed out by P. Manga who concluded that the better-off have more access to medical care but that their advantage is partly offset by the greater utilization of hospital care by the lower-income groups.[44] This is a tragic "distribution of advantages" for the poor, whom society neglects until they have to be hospitalized. In fact, their ostensible "advantage" derives primarily from longer stays in hospitals because of the severity of their illness. The question of who benefits more from health care is a complex one and one to which we shall return.

Fifth, health insurance coverage is also related to manpower issues, which federal policies have failed to resolve. Although the physician-population ratio is now increasingly recognized as one of those numbers that indicate little about health care, there are some extreme cases of maldistribution that deserve government concern. In the mid-1960s the ratio of physicians to population was about 1:1100 (the World Organization recommends 1:600). The Hall Commission stressed the urgent need to educate and train more health professionals on the basis of the following predictions: that demand for health care would increase dramatically with the introduction of medical insurance; that the immigration of physicians would decrease and emigration increase (due to physician shortages in the United States), and that the current population growth rate would be maintained.

None of these predictions materialized; however, they contributed to policies that increased the physician supply. From 1968 to 1974 the number of physicians increased 17 per cent, and after 1972 their supply took a dramatic upward trend.[45] The latest official ratio is 1:559,[46] exceeding by far that recommend by the Hall Commission (1:856). This increase in manpower undoubtedly improved, in absolute terms, the delivery of medical care in previously underserved provinces. In Newfoundland, for example, the ratio of physicians to population increased by 20 to 30 per cent in the first three years of the medical insurance program.[47] The problem of serious regional disparities remained, however, despite a variety of government measures to redistribute manpower.[48] There is disagreement as to whether we now have enough, too many, or too few doctors, but most critics of the rising cost of health care say we have too many, and even the medical profession admits that we are approaching a saturation point.[49] An important aspect of this issue is that the "oversupply" of physicians is primarily due to immigration. Until recent years more immigrant doctors entered the medical market than Canadian graduates. The trend reached a peak in 1969 (1,320 immigrants compared to 990 Canadians).[50] The federal government reversed its policies in the 1970s and appointed a National Medical Manpower Committee to study the problem of oversupply. As a result of this study the government no longer gave "occupational points" to foreign doctors applying for immigration. This policy, however, did not resolve the problem.[51] Immigrants continued to find their way into Canada, and their entry was facilitated by economic considerations that ignored the burden of the "brain drain" on poorer nations. As Evans (one of the critics of immigration barriers) put it: "Foreign imports are free."[52] The latest figures show that about one-third of physicians practicing in Canada are graduates of foreign schools.[53]

It would be hard to establish the extent to which government's effort to reduce the supply of physicians (which was primarily motivated by the desire to control the cost of medical care) adversely affected the aim of universal coverage. As various government policies had failed to achieve a marked redistribution of manpower to help those with the greater need, it was hoped by some that the influx of immigrant doctors would change the pattern of distribution considerably. In fact, British Columbia even attempted to force immigrant doctors to practice in rural areas, but this was revoked on the grounds that it violated human rights. Immigrant doctors generally tended to seek posts in the more advantageous communities with good opportunities for specialization. They seemed to be particularly fond of Ontario, the richest and most urbanized province. Of 988 immigrant physicians to enter Canada in 1972, more than 50 per cent chose to set up practice in Ontario,[54] where, of 895 newly registered physicians, only 45 per cent were graduates of Ontario and 41 per cent came from foreign schools.[55]

Sixth, overspecialization of physicians is an additional manpower problem, which government has not attempted to resolve. The introduction of hospital insurance a decade before medical care contributed to a substantial increase in specialization. Between 1959 and 1969 the number of certified specialists more than doubled, and their proportion among physicians increased to 49.2 per cent (compared with 28.1 per cent in 1949).[56] This was largely due to the provision of salaries for interns and residents under the *Hospital Insurance Act.* Medical insurance removed much of the glitter of specialization, for it appeared no longer necessary for physicians to undergo long special training to assure attractive incomes. The *Canadian Health Manpower Inventory* (1978) showed, nevertheless, that still almost half the number of practicing physicians were specialists.[57] Evidence shows that highly trained specialists spend a substantial part of their time doing things that can be done by physicians with less training at a lower cost.[58] Universality is thus thwarted by specialization as specialists, who tend to concentrate in wealthier communities, waste resources that could otherwise be used to help the underserved.[59]

Seventh, although the dramatic increase in the number of physicians directed, in absolute terms, more manpower to the underserved areas of the country, its effect on overall service was limited by a substantial decrease (of almost 30 per cent) in the working hours of physicians.[60] Shorter working hours did not seem to have resulted from the doctors' effort to improve their performances. It seemed, rather, that visits became shorter, waiting hours longer, and physicians' offices more crowded with patients.

2. *Comprehensive care and portability of benefits.*

Most problems concerning portability of benefits were resolved by an interprovincial agreement in 1972. Some problems remained, however, and these were pointed out in Hall's 1979 Review. As for comprehensiveness of care, the objectives of the *Medical Care Act* were limited in many respects. Whereas the Royal Commission in 1961 defined comprehensive care as the provision of "all health services, preventive, diagnostic, curative and rehabilitative," the *Act* provided only for "medically required services," and these were basically left to the medical profession to define. As one researcher of the effects of medical care in Ontario concluded, the national plan appeared to be "... a new way to 'pay the fiddler' without 'changing the tune.' "[61] In other words, the *Medical Care Act* was, in essence, a fiscal measure ensuring payment for physician services. This, of course, left fundamental aspects of health care untouched.

3. *Non-profit administration by a public authority.*

As seen earlier, the federal government's insistence on non-profit administration by a public authority was regarded by doctors and the insurance industry as the encroachment of "state medicine." To what extent did government intervene in the medical market? First of all, a variety of "medically required services" remained in the private market. It was estimated in 1974 that over six million Canadians remained insured by private schemes for drugs, dental care, private duty nurses, artificial limbs or other prostheses, and several services of extended and paramedical care.[62] Provincial governments made efforts to extend the care for lower-income groups, but this was done mainly through the means-testing mechanism of public assistance. The national policies have been generally criticized as creating state intervention to finance the use of the most expensive services to the benefit of the most expensive personnel[63] and hospital services.[64] Some of the services most needed by the poor and the old were left in private hands.[65] The federal government's intention to redistribute thus resulted basically in redistribution among the provinces but not among socioeconomic groups. The provinces complained that the refusal of the federal government to share in lower-cost programs such as nursing homes and home care, contributed greatly to the distortion in the use of services.[66] In addition to this, the refusal of government to intervene strongly in the pharmaceutical industry, whose profiteering was facilitated by the introduction of health insurance, placed a tremendous burden on the economy to the benefit of multinational corporations.

Second, the principle of non-profit administration by a public authority was limited by the provision that intermediary agencies would be allowed to carry out certain functions provided that the assessment and approval of individual accounts were handled by the public authority. This led to a variability of administrative arrangements based on the old prepayment plans, and some insurance companies were designated as agents of provincial authority.

Third, the extent of government intervention was limited by the survival of the fee-for-service method of payment, which was of principal concern to the medical profession. The capitation method proposed in 1945 was rejected. Payments, moreover, were not based, as in the American system of medical care, on "reasonable and customary" fees but on the fee schedules suggested by provincial medical associations.[67] All provincial plans provided for some measure of consultation or even formal negotiation between the medical profession and the responsible authority before revision of payment schedules. This practice, in which prices are directly negotiated or controlled by means of special taxes, is not unusual in other sectors of the economy considered by the federal government to be of major national importance. Government control of medical fees, however, was restricted by opting-out and extra billing, by the threat of strikes, and by efforts to attract physicians to the United States. In a climate of government restraint, the number of Canadian graduates who took the test of the U.S. National Board of Medical examinations reached an all time high of 733 in 1977.[68] That same year the United States restricted the immigration of doctors, with the exception of those trained in Canada. In fact, several placement companies trying to attract Canadian graduates used such slogans as "If you are not interested now, we'll wait until the government drives you out."[69] One professor of family practice was even reported to have induced his students to take the American examinations "right away ... just in case."[70] The threat of movement to the States considerably strengthened the profession's power of negotiation. American competition and the "fee-for-service" method are now regarded as important contributors to the high cost of care in Canada.[71]

Fourth, and most important, when it comes to state intervention for the provision of social services, the fundamental question is, Who ultimately pays the bill? The federal share of the cost of health insurance came from a 2 per cent income surtax (maximum $100) known as the Social Development Tax. This was based on a flat percentage of all incomes. Thus, the less well-off paid proportionately more, and those earning higher incomes (who used the service more) benefited from the tax ceiling. Similarly regressive principles were adopted by the provinces for that part of the cost raised through premiums or user fees. The effect of the provinces' actions in particular was the object of many briefs submitted to Commissioner Hall in 1979-80. Discrimination against the poor and chronically ill seemed to be worst in the richest provinces. The government of Ontario, for example, faced with widespread opposition to its intention to double premiums (1979), introduced deterrent user fees for ambulatory and chronic care, which were increased the next year to balance increases in income supplements. Some exemptions from payment of such fees on account of income, age, and dependents were laid down, but these were also largely offset by other regressive regulations, for example, welfare patients who were exempted were also cut off the welfare rolls and paid a sum of $45 to $61; moreover, those above 65 were declared single if their spouses received any federal income supports so that exemptions for dependents would not apply to them.

(b) *The Cost of Health Care*

So far we have assessed the national medical care policy with reference to each principle of the *Medical Care Act*. To complete the picture we must now look more generally at the economic consequences of these principles as they were applied by the provincial governments.

The pattern of private public health expenditures clearly correlates with the establishment of government insurance. From a per capita base of $100 in 1960, the annual growth of expenditures was 9 per cent in the 1960s, 10 per cent in the early 1970s, and nearly 15 per cent in 1976.[72] Expressed as a proportion of the gross national product (GNP), expenditures rose in the 1960s,[73] from 5.5 per cent in 1960 to 7.3 per cent in 1971, then dipped to 6.9 per cent for two years, and rose again to 7.2 per cent in 1975. These ups and downs were influenced by the general trend of restraint in public expenditures in the 1970s and by the strenuous resistance of health professionals and institutions.

Hospital care has consumed an increasing portion of health care expenditures — from one-fifth in the 1920s to one-half in 1976. Expenses began rising more than the consumer price index in the post-war years before the introduction of the *Hospital Insurance Act*, yet even after the *Act* was passed, costs continued to rise at a rate two to three times higher than the consumer price index. The increase in costs has naturally caused much concern to government. It was mainly to shift part of this burden onto the general consumer that the federal policy was introduced. The provinces also used a variety of regressive revenues to pay their share of the cost (such as premiums, sales taxes, and other general revenues).

Population trends do not seem to have affected these increases. In fact, the highest increase in total operating costs (23.6 per cent in 1973-74) occurred during a time of a lower population increase rate (which had persisted for the previous ten years). Expenditures also maintained their increase despite drops in hospital admission rates; moreover, the above-mentioned greatest increase occurred in a period when admission rates were decreased for the first time. The cost per patient day was the only factor in hospital expenditures that increased steadily from 1958 to 1974, and it continued increasing in the year of 1969 to 1973, when operating and labour costs were on the decline.[74]

It can be argued that the growth of medical technology, the physicians' trend to specialization, and the resulting new hospital services have been the main contributors to the rise in hospital expenditures. Hospital utilization rates were particularly affected by a phenomenal increase in visits to emergency wards, a trend which, as pointed out earlier, began immediately after the war but became more remarkable after the introduction of hospital insurance. One official estimate showed that whereas the emergency department consumed 1.2 per cent of the total hospital budget in 1960, it accounted for 5.5 per cent of expenditures in 1977-78.[75]

It is generally agreed that this increase is due largely to "abuse" of emergency services;[76] but this abuse is the result of fundamental weaknesses in the whole system of health care. A recent study in Ontario, for example, estimated that in 1975 there were 4.3 million visits to emergency departments (one for every two Ontarians), of which only 6 per cent involved emergencies.[77] Over 4 million visits were for "ordinary" medical care. Another study reported an increase of 80 per cent in emergency visits for emotional and mental health problems.[78] Other studies have indicated a stronger trend in the poorer parts of the country and the inner parts of large cities were "non-emergent" conditions comprise the vast majority of all emergency registrations.[79] The trend of emergency "abuse" has been attributed to various causes: the introduction of hospital insurance ten years before medical insurance; the provision of emergency services around the clock; unjustifiable doctor referrals (for shifting the financial burden of support services to the hospital); long waiting for doctor appointments; reduced accessibility to physicians for ordinary medical care due to increasing specialization; physicians' desire for regular working hours and vacations; and, finally, the reduction in house calls and telephone consultations by half after the introduction of medical insurance.[80]

Another economic consequence of health care policies was that doctors became richer. Income statistics must be read with caution because they are grossly distorted in much of the literature.[81] Physicians earnings rose steadily in the early 1960s, but they accelerated at a faster rate after the introduction of medical care. Over that decade physicians' average net incomes rose faster than those of other professions and faster than wages for the total labour force.[82] The trend began slowing down in 1971, but doctors still made more than other professions despite the extraordinary increase in medical manpower and a 30 per cent drop in working hours. Medical insurance resulted in higher average fees for two reasons: (1) uncollectable and partially paid bills were eliminated; and (2) the fees were, in many cases, higher than those previously charged by physicians.[83]

In a general sense, physicians found themselves well taken care of under the *Medical Care Act*, which prescribed the provision of all medically required services with no price constraint. One medical student described the doctors' economic freedom in these words: "No longer is there any effective price constraint.... Anything which might help and cannot hurt can be prescribed without ethical repercussions."[84] Hall in his Review refrained from examining the issue of physician remuneration, but his equivocal discussion of extra billing hinted obliquely that physicians were not being adequately paid.

The figures about the cost of health care in Canada cited earlier show only what the nation spends through government expenditures. To this we must add the cost of drugs and other medicaments paid, for the most part, directly by patients. Consumption of prescription drugs has tripled in Canada since 1945, and it is clear that government health insurance was primarily responsible for this — between 1960 and 1971 prescriptions dispensed per capita doubled.[85] This increase in consumption is not totally related to need. It is highly influenced by several factors: by the increasing diagnostic and therapeutic uncertainty in medical practice, which results in unnecessary prescription of "anything which might help and cannot hurt;" the large number of patients taken by some doctors; by patients' expectations (encouraged by medical practice) that doctors must prescribe something; and by other factors.[86] Most of these relate to the pattern of production and promotion of drugs (one of the most profitable of all enterprises), to the "chemical" bias of medicine, and to other aspects of capitalist culture that government has not been able to restrain.

Government intervention in the drug industry was urged in the early 1960s by some small Canadian manufacturers who were unable to compete with multinational firms (largely American). In 1961 the Restrictive Tade Practices Commission was appointed to inquire into the pharmaceutical trade. The Commission found that drug prices in Canada were among the highest in the world and that this was due to large markups and patent controls.[87] After several years of political conflict (and re-examination of the matter by the Hall Commission and parliamentary committees), the House of Commons finally proclaimed Bill C-190 (1968), which was designed to reduce prescription drug prices by increasing competition. This policy dealt primarily with the conflict among manufacturers, but it left unresolved many problems concerning the consumer, such as the phenomenal increase in consumption of prescription drugs, the huge consumption of non-prescription items (about 70 per cent of total retail sales), the huge cost of retail pharmacy (about 40 per cent of the price), and so on. Furthermore, government has not been able to control the consumption of drugs of questionable merit. Such control is difficult because the ONLY source of information about the value of drugs is the pharmaceutical industry.[88] Finally, there is no evidence to show that the government policy of price controls met its objectives, other than securing for small Canadian manufacturers a place on the market.

A NEW PERSPECTIVE ON THE HEALTH OF CANADIANS

So far we have discussed post-war policies of health insurance mainly in the light of their stated objectives, which reflected the interests of various groups involved in the political process. We shall now return to broader questions concerning the value of medical care. Such questions have been raised by sceptics since the beginning of modern medicine; but they have only entered the realm of public debate in recent years because of a fiscal crisis that necessitated constraints in social expenditures.[89] While Canada fell behind other industrial nations in introducing social policies, it was one of the first countries to curtail social expenditures during the economic downturn that followed the end of the Vietnam War. No sooner had the federal government introduced medical insurance than it began instituting constraints. The provinces' complaint that the federal share did not cover lower cost programs, such as nursing homes and home care, lent support to this move. A Federal-Provincial Task Force on the Cost of Health Services was established in 1968 to produce a three-volume report the next year.[90]

The task force report marked the beginning of a new period of federal-provincial negotiations on a new fiscal formula for health care, which lasted for about eight years. These negotiations took place in a time of increasing economic conflict between the federal and provincial governments that gradually led to the present "constitutional crisis." From the records of intergovernmental exchange in the field of health policies it seems that much of this conflict stemmed from the more general conflict over economic paternalism. Early in 1973 the new minority Liberal government (which had few MPs representing the western provinces) announced a Western Economic Opportunity Conference and new fiscal proposals for health and post-secondary education. The Conference failed to produce what the Prime Minister perceived as a "New National Policy." Similarly, the federal fiscal proposals for health care and post-secondary education were rejected by the provinces because, as stated by the Prime Minister, they were found inadequate to meet rising program costs.[91] It must be also noted that the federal government was not willing to make any significant tax concessions to the provinces for financing their health care programs, despite the Liberals' promise in the 1960s that, as of 1970, tax transfers from the federal government would enable the provinces to assume full responsibility for the shared-cost programs.

A year after this abortive effort to introduce a new fiscal formula, Marc Lalonde, then federal Minister of Health, issued *A New Perspective on the Health of Canadians* (1974).[92] This paper did not express any policy commitment, but was rather a "working document," a tool often used by government to test public reaction or legitimize forthcoming reform. Essentially, the document was in line with the new 'Primary Health-Care Approach' adopted a year later by the World Health Organization.[93] I shall comment briefly here on the main points in Lalonde's document before looking at the policy reforms that followed.

(a) *Evaluation of the Health Care System*

Lalonde boasted that the Canadian health care system was "the equal of any in the world." This was a shallow assessment based simply on the amount of money Canada spends on health care, the part of the population the system covers (legally, but not in reality), and the number of hospital beds and doctors per 10,000 people. Moreover, his claim appeared the weaker when it was shown elsewhere in the document that in Canada only 6 per cent of total health care expenditure was spent on the prevention of illness. Although he said he considered preventive measures to be of utmost importance because of a shift in the nature of illness, Lalonde warned that government expansion in this area would be severely limited by financial consideration as already 7 per cent of the GNP was being consumed by the system.[94] This warning was in contrast with his view that this expensive system could "do little more than serve as a catching net for the victims" of the major health risks threatening society now, which he attributed to the environment and individual behaviour. Furthermore, the document admitted that the existing health indicators, particularly morbidity statistics, could not provide a reliable picture of the nation's health standards.

(b) *The "Ominous Counter-Forces"*

The Minister emphasized that improvements in the health status of Canadians were inhibited by "ominous counter-forces," such as pollution, malnutrition, bad working conditions, inadequate housing, and individual behaviour (abuse of alcohol, tobacco, drugs, etc.). His list of "counter-forces" did not include unemployment, low wages, inflation, the promotion of overconsumption by advertising, and gross inequalities increased by fiscal policies in the 1970s.[95] On the contrary, the document took "increased economic and social justice" for granted,[96] despite mounting evidence showng this not to be so — some of which evidence, ironically, appeared in publications financed by the Department of Health and Welfare.[97] Moreover, the *New Perspective,* in placing more emphasis on individual "lifestyle" as a health risk, characterized lifestyle as an isolated concept, disregarding how much of it is molded by the market and the general social environment. Equally reductionistic in this respect was the Hall Commission report in 1964, which declared balanced diets, precaution against accidents, adequate rest, regular exercise, wise use of time for leisure and recreation to be "clearly" the individual's sole responsibility. Commissioner Hall similarly emphasized individual responsibility and referred to the need for an "enlightened citizenship"[98] if an "enlightened leadership" was to be taken for granted.

Generally speaking, Lalonde's New Perspective on the Health of Canadians was a selection of half-truths gleaned from current criticisms of medicine and government policies. On the basis of these, the document proposed new strategies emphasizing "self-care" through behaviour modification. In this respect the *New Perspective* was philosophically inspired by a variety of old ideas from natural theology[99] to the "self-help" ideology of the Victorians.[100] Self-help or self-care in this context, was promoted by Illich, McKeown,[101] and other advocates of alternative strategies, who emphasized the individual's responsibility for his health.

The idea received attention from governments in their effort to legitimize constraints in social expenditures and was a central part of the World Health Organization's new approach. In a more general sense, this idea belonged to the new trend of "blaming the victim" followed by many modern writers. This trend confirmed Marx's observation that when the state fails to meet its promise of a universal good, it blames the individual.

Understandably, Lalonde's document (and Hall's Review) had no use for that part of current critical literature that raises serious questions about the value of medical consumption. Illich, Carlson, Fuchs, Navarro, and many less popular writers have attacked medicine or the profiteering forces behind it from various theoretical positions.[102] Some of these critics may have exaggerated the demerits of medicine or the benefit of the alternatives they proposed. All of them, however, have demonstrated that medicine is not worth the public expenditure it enjoys. Even some of the apologists of medicine who have attempted to assess these criticisms have admitted that it is hard to establish the contribution of personal physician care or other types of services to the general improvement of health standards as measured by life expectancy, child mortality rates, morbidity statistics, and other traditional indicators. Such evaluations are difficult because most indicators of this type show a steady improvement over a long period before the expansion of medical care. For this reason, many critics have asserted that major health improvements in industrial societies were due mainly to rising living standards, not to greater accessibility of medicine.[103] The issue is very complex, and there is no room for a full discussion of it here. Some general comments, however, can be made.

First, the claim that standards of living and health have improved as a result of economic development and social policies is exaggerated. While some old illnesses and social problems have been brought under control, new ones have emerged as major threats to society, such as cancer, heart disease, accidents, malnutrition, stress, and other chronic disorders. These latter health problems are largely attributable to the social environment, and neither traditional medicine nor government regulation have managed to check them. Lalonde's document had little or nothing to propose in terms of government control of the most important risks. Speaking of old age security, for example (one of the major problems now recognized in Canada because of the aging population and inadequate pension policies), the document proposed "encouragement among employers of programs designed to ease the transition from employment to retirement." "Encouragement" or "enlistment" of private support were the terms generally used in the *New Perspective* to suggest means of control for the highest health risks stemming from the economic system.

Second, it seems that although relative improvements in the standard of living (and other factors attributed to "progress") may have contributed to health improvements, the blind pursuit of economic growth as an end in itself has resulted in what is now commonly understood as a grave deterioration in the quality of life for many people. The value of increased life expectancy attributed to medicine and economic growth is now questioned on account of the prolonged hardship that long life has in store for many. Increasing concern with the quality of life has drawn attention to the works of Dorothy S. Thomas, whose analysis of American and British death rates compelled her to conclude that death rates rise with prosperity.[104] More recent data were added to hers by J. Eyer, who concluded that after a certain point in a nations' economic growth the death rate increases with prosperity and falls with economic downturns.[105] At the time of peak business activity, a large part of the urban population undergoes a sharp decline of living conditions because of increasing labour mobility (which uproots people from their communities, neighbourhoods, and family), poor housing, crowding, and widespread stress. The deterioration in quality of life is shown in these studies by reference to death rates, but surely much suffering precedes death.

An economics-based view of recent shifts in the nature of illness is recognizable in current literature in the popular phrase, "Health insurance has now reached the point of diminishing returns."[106] This view was more widely expressed after Lalonde's *New Perspective* in order to legitimize cutbacks in health expenditures. The limitation of traditional economic analysis in the field of health care and other areas of social policy has been pointed out by many writers since the 1950s.[107] Suffice it here to say that the view of "diminishing returns" is seriously limited by the inability to define health care output for large groups. Moreover, by looking at health care in terms of productivity alone, some economists have obscured the point that capital accumulation itself and growth under capitalism have reached a point of diminishing return to society as a whole (if not to those whose appetite for profit seems never to diminish).

Third, the point just made raises the main question about health and other social policies: To what extent can fiscal arrangements compensate the many victims of economic growth? Lalonde could not deal with this question because his premise was that growth *is* progress. However, he could not escape the dilemma pointed out earlier: that the cost of maintaining the present health care system — the "catching net" of the victims of the dark side of growth — inhibits the control of the most important risks (but then, of course, those are the ones that can be blamed on the victims). This dilemma is characteristic of what some neo-Marxist critics have termed as the "fiscal crisis" of the state.[108] Although similar theories of fiscal crisis in the past were disproven by events (insofar as they prophesied the imminent fall of capitalism),[109] the neo-Marxist argument that the fiscal formulas of the welfare state are subject to capital accumulation is irrefutable. In fact, as was seen earlier, this was understood by the Canadian government and consciously practiced during the two reconstructions after the world wars. This line of thinking remained unchanged in the 1970s.

THE POLICY REFORMS OF THE SEVENTIES

The Federal-Provincial Task Force on the Costs of Health Services (1968) made 344 recommendations for improving health services and the quality of care including regionalization, better utilization of manpower, more preventive health care, the slowing of hospital bed construction, and the establishment of community health centres. The provinces began experimenting with these concepts, but their main concern was to assume more financial autonomy to improve their own programs and meet the rising cost of health care. With a strong concern for financial constraint and coming under increasing provincial pressure for decentralization, the federal government gradually shifted from national principles of policy to mere financial arrangements accompanied with paternalistic advice. We shall now look at these changes as they related to the two broader objectives identified in the Lalonde document: the reduction of health hazards, and the improvement of the existing health care organization to make it accessible to the underserved.

(a) *Dealing with the "Counter-Forces"*

According to *New Perspective on the Health of Canadians,* the health hazards that "undo progress" stem from human biology, the environment, and individual lifestyles.[110] Since the early 1970s, however, both provincial and federal policies have concentrated on remedying individual behaviour but not government or corporate "lifestyles." No serious measures have been taken to control environmental risks (including unemployment and inflation). Environment Canada, a new department, has mainly produced environmental studies and several acts for the control of pollution which have been ineffective.[111] Likewise, the Department of Health has done little more than publish the proceedings of a conference on the environment. On the other hand, public authorities have often been accused by various pressure groups of concealing from the public information about environmental risks[112] or of ignoring such information submitted to them. Moreover, some of the risks concealed stem from technological applications heavily financed or subsidized by government (like those of atomic energy).

The vogue of the concept of "new lifestyles" secured government support for various campaigns to modify individual behaviour, but exploitative market forces have shown that they have greater control. For example, the budget for the series, "A Dialogue on Drinking," was $650,000 compared with $37 million spent annually on commercials for alcohol beverages.[113] Ironically, too, the government spends more on the research and development of tobacco than it spends on anti-smoking campaigns. What's more, producers and professionals have moved at full speed to promote all sorts of commodities and services — from special jogging outfits to behaviour modification courses and seminars in new ways of living or "wellness" — of questionable value for anyone in pursuit of a new lifestyle.

The Hall Review advised health educators to study the marketing approaches of the entrepreneurs. In fact, part of the "marketing" was done for the entrepreneurs by Lalonde's *New Perspective*, which set the public mind on the idea of "new lifestyles." Elsewhere Hall recommended the study and better utilization "of the valuable services psychologists can make in the health field."[114] The recommendation was based on a brief of the Hamilton-Niagara Academy of Psychology, which suggested the application of clinical psychology to prevent illness produced by social, psychological, and economic distress. "We must determine," said the brief, "the role of cognition and learning in adapting to distressing circumstances." Would such an effort result in conditioning some to accept social and economic distress as an inescapable life condition?

(b) *The New Fiscal Arrangements*

As was said earlier, the provinces rejected in 1973 a federal proposal of new fiscal arrangements for health care. A fresh proposal, including a tax transfer to the provinces, was made by Prime Minister Trudeau at the Conference of Federal and Provincial First Ministers in 1976. This was accepted and incorporated in the established *Program Financing Act* (1977). The new policy was influenced, according to the Prime Minister, by the growing need for spending restraint, which affected all levels of government, and "by growing interaction between the federal and provincial governments" in the field of social services.[115]

The central aim of the federal government was to keep its expenditures for health care and post-secondary education "at a level which rises at a rate not greatly different from the rate of increase in the GNP."[116] Under the *Act* the federal offer included a cash payment equal to 50 per cent of the national average per capita contribution for all three programs (hospital care, medical care, and post-secondary education); a tax transfer to the provinces (1 per cent of federal personal income tax and 1 per cent of federal corporate income tax); an equalization payment to the provinces that spend less; a transition payment so that no province is short-changed; and a special abatement to Québec. Despite complaints from provincial governments that these arrangements provided unequal per capita revenue in favour of the richer provinces (Alberta, British Columbia, and Ontario), they were accepted because they gave the provinces more flexibility in the use of their own funds. The measure was also convenient for the federal government because at a time of increasing pressure for provincial autonomy, increasing costs for these services, and little room for tax increases, it escaped a few responsibilities by letting the provinces have some of the headaches.

For lack of information it is impossible to assess accurately the repercussions of these measures in terms of quality of service or cutbacks in expenditures. The provinces attempted to resolve their fiscal problems in various ways: there were increases in premiums (Ontario led with a 45 per cent increase in 1976), closures of hospital beds, freezing of budgets, and a slowing in doctor-fee increases, to name a few of the solutions. Some hospitals (as well as universities) held fund-raising campaigns involving both the community and their employees, and some of the provinces are now considering deterrent fees for hospital and physician care.

There are fears that measures already taken and those being considered will affect those in greater need: the old, the chronically ill, those living in small communities, and the inner city poor.[117] The new arrangements made it difficult for the poorer provinces to develop new services for "high-risk" segments of their population. For this reason Hall in his Review recommended that the federal government cost-share the additional services that these poorer provinces wish to institute.[118]

(c) *Structural Reforms*

Apart from the new financial arrangements and direct cost cutbacks, control of the rising cost of health care was also attempted through changes in administration and the roles of health personnel. Efforts in this area were faced with the traditional dilemma of organizational theory and practice: How can one produce real reform by simply changing the structure, if the technology available and the economic institution itself remain essentially unchanged? Illich and other popular writers created an almost universal illusion in this respect by propagating as a viable solution the de-bureaucratization of industry and medicine. Navarro and other critics of this notion[119] have exposed its utopian nature, which was based on the illusion that power has now passed from the owners of the means of production to their managers, and from them to the technocrats who control the consumption of commodities or services. Navarro saw the current crisis in health care not as a technological or organizational problem but as one of medical technology being captive to capitalism.

It would be beyond the scope of this paper to describe and assess the consequences of the many structural changes attempted in Canada. First of all, changes in terms of regionalization, community health centres, hospital reorganization, home care, etc., have had a limited application, and there is little reliable information about their effects. Second, the trend has brought about new professional specializations, and it is hard to know the extent to which reduced costs in traditional health care will be counterbalanced by increases in costs of alternative types of care. As for changing roles in medical care per se, efforts to produce less costly personnel (such as nurse practitioners) in Canada have had little effect (only one of the training programs, established at McMaster University, is still operating). This is due to the fact that, under pressure from the medical profession, the existing legislation has not been amended to provide for payment for medical services rendered by non-medical practitioners.

CONCLUSION

The policies described and analysed in this paper were the result of a long political process influenced primarily by antagonistic groups who interacted through federal-provincial relations. These relations were influenced by fiscal arrangements affected by economic development and wars. The use of fiscal means to combat illness was limited, at first, to the control of epidemics and the care of the destitute. The growth of the federal purse during the wars, however, resulted in an expansion of the managerial role of the state beyond the bounds prescribed by the charter of Confederation. Thus, the federal government gradually developed health policies that fell short of the spirit of social reconstruction that the western alliance promoted as a means of national efficiency. These measures, as others in the field of social policy, helped the centralist forces of Canada legitimize the federal cause which had been challenged by the provinces since Confederation.

Although federal intervention in the private medical market was against the capitalist tradition and, in a narrow sense, unconstitutional, certain factors gradually made it reasonably acceptable. These factors were the development of private insurance, the rising cost of hospital and medical care under private schemes, and the need for some uniformity of principles to equalize the burden of health insurance among the various sectors of the economy and to guarantee the portability of benefits. The consequences of the policies developed reflected primarily the interests and social view of the groups that instigated or influenced them. These consequences can be broadly assessed in terms of government relations and the pattern of medical production and consumption.

1. The national policies helped the federal government legitimize its paternalistic role in economic development by propagating the need for a strong central agency to redistribute resources. The egalitarian image of the federal authority, however, has been challenged by the provinces who increasingly demand more autonomy in their economic and social development. Their demand often appears to be motivated by egalitarian concerns; but this notion contrasts with the provinces' record of regressive policies in this and other fields. Federal-provincial jurisdictional conflicts, which basically reflect the struggle of antagonistic sectors in the economy, influenced the course and the scope of the national policies more than anything else. Such policies were introduced, therefore, only when the federal and provincial authorities had resolved their fiscal controversies; and the role of the federal government in national health insurance was limited to developing a fiscal mechanism involving all provinces. The narrow scope of the policies is now understood in the light of the dramatic shift in the nature of illness coupled with the heavy cost of traditional care.

The tremendous dilemma now facing the federal authority, which took most of the praise for the policies, cannot be fully passed on to the provinces by means of a new fiscal formula. Although medicine is now seen by the government simply as a "catching net" for the victims of the most important health risks, there is little tax room for investment in other types of care or prevention.

2. The financial mechanism developed for national health insurance was also influenced by the medical profession, the insurance industry, and their industrial allies. Government intervention was limited to the collection of taxes to pay medical bills on a fee-for-service basis. Preventive care was paid lip-service, and consequently the "medical industrial complex" achieved economic rewards that would have been impossible to reach without the help of the taxman. These rewards did not burden the better-off (who used the system more extensively) as much as the bulk of taxpayers insofar as the revenues were based on regressive taxation and premiums. User fees also discriminated against the poor, the chronically ill, and, more generally, the disadvantaged.

3. The relative gains of those in greater need are now increasingly questioned. Criticisms of social policies are no longer limited to the traditional issue of redistribution, or who pays the bill; they now raise more important questions about whether medicine (as education and other goods of the welfare state) can compensate for the many ills of economic growth. Such questions concerning the consequences of unlicensed economic freedom for some are becoming increasingly important in critical thought. The government has recognized that there is "a dark side of economic growth," but it is against its interest to bring this dark side to full light. On the contrary, it has tried to direct public attention to individual behaviour and its faults.

One question we might ask as we contemplate the future is whether it is likely that the new technology arising from a shift of professional attention onto new types of care will resolve the fiscal dilemma of health insurance. The answer most likely is no, because there will be more professionals depending on government revenue. The accelerating growth of the helping professions seems inevitable, and their activities permeate most aspects of social life. Goethe's prophesy about institutionalized humanitarianism comes to mind at this point: "... I believe that humanism will prevail," he said, "but I am afraid that at the same time the world will become a huge hospital, with everyone nursing his neighbour."[120] This vision may never materialize, but we have already come to the point where large segments of the population must be subjected to mass campaigns and professional help to learn "self-help," which often amounts to merely accepting their helplessness as their own fault.

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9. *Labour Gazette.*
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12. The latter viwe finds support in an unpublished paper by Aleda Turnbull, "Provincial Initiatives in Health Care," University of Manitoba, Dept. of Com. Med., 1976.
13. See, for example, the *Labour Gazette,* XLII, Oct. 1942, p. 1114.
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